

2025 ANNUAL REPORT

UNIVERSITIES ACADEMIC PENSION PLAN



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GOVERNANCE OF THE PLAN

PROFILE

The Universities Academic Pension Plan (“UAPP” or “Plan”) was established in 1978 as a defined benefit pension plan for members of the academic and professional staff of Alberta universities and Banff Centre. The UAPP was set up under the Province of Alberta Public-Sector Pension Plans Act and the Provincial Treasurer was the trustee until December 31, 2000. The Plan became an independent pension plan registered under the Province of Alberta Employment Pension Plans Act and the Income Tax Act (Canada) as of January 1, 2001. The UAPP is now established under the Sponsorship and Trust Agreement signed by the Plan’s sponsors: the academic staff associations and the boards of governors of the University of Alberta, University of Calgary, University of Lethbridge, Athabasca University, and Banff Centre (“Sponsors”).

- The Board of Trustees (“Board”), as established under the Sponsorship and Trust Agreement, is responsible for administering the Plan and investing the Plan’s assets (“Fund”).
- The UAPP is financed by employer and member contributions, and by investment earnings. The Government of Alberta also contributes towards eliminating the unfunded liability for service before 1992.
- At December 31, 2025, the UAPP has 8,552 active members, 2,974 deferred members, and 7,320 pensioners.
- The UAPP Fund’s market value at the end of 2025 was \$7,910.2 million.

BOARD OF TRUSTEES



Wilbert Arends
University of Calgary



Todd Gilchrist
(Chair 2026, Vice-Chair 2025)
University of Alberta



Stuart Johnston
Athabasca University



Aditya Kaul
Association of Academic Staff
University of Alberta



Aliza LeBlanc
Banff Centre



Deb Lucas
University of Lethbridge



Lawton Shaw (Chair 2025)
Athabasca University
Faculty Association



James Smith (Vice-Chair 2026)
University of Lethbridge
Faculty Association



Trevor Tombe
The Faculty Association of the
University of Calgary

Board Mandate

The Board is responsible for administration of the UAPP, investment of UAPP funds, setting contribution rates required to fund the UAPP, and assisting Sponsors in developing appropriate changes to the UAPP. In carrying out its mandate, the Board is assisted by a small management team.

Mission

It is the mission of the Board to deliver on its mandate in a manner that is consistent with:

- high quality services to the UAPP members and stakeholders,
- prudent investment of the fund,
- seeking stable contribution rates within the funding requirements of the Employment Pension Plans Act,
- best practices in pension plan governance and management, and
- all applicable rules, laws, and regulations.

Board Composition

The Board of the UAPP oversees the Plan and is composed of five employer trustees and four employee trustees. The total votes carried by the employer trustees are the same as the votes carried by the employee trustees. The offices of Chair and Vice Chair alternate every two years between employer and employee trustees.

Values

In carrying out its mission, the Board is guided by the following values:

- work in full partnership with Sponsors,
- be member/stakeholder focused,
- be open, accountable, and responsible for its actions,
- conduct UAPP business with trust, fairness, and integrity,
- adhere to the highest ethical standards,
- value and treat its employees as a vital resource, and
- strive to adopt best business practices.

COMMITTEES OF THE BOARD

Actuarial Committee

Met twice during 2025 (June 4 and November 13)

James Smith

(Chair from July 1; resigned from the Committee December 31)

Paul Rogers

(Chair until resigned as Trustee June 30)

Aliza LeBlanc

Deb Lucas

Lawton Shaw

(joining the Committee January 1, 2026)

Trevor Tombe

(joined the Committee July 1)

Audit Committee

*Met twice during 2025 (March 21 and November 5)
Renamed Audit, Finance, and Risk Committee effective
January 1, 2026*

Todd Gilchrist (Chair)

James Smith (Vice-Chair)

Wilbert Arends

(joining the Committee January 1, 2026)

Megan Costiuk (external member)

(resigned from the Committee April 30)

Stuart Johnston

(joined the Committee July 1)

Suzanne Nickerson (external member)

(joined the Committee May 1)

Pauline Smeltz

(resigned as Trustee May 30)

Human Resources and Governance Committee

Committee established effective December 1

Todd Gilchrist

Stuart Johnston

Aliza LeBlanc

James Smith

Investment Committee

*Met four times during 2025 (April 7, June 18, September
17, and November 26)*

Aditya Kaul (Chair)

Stuart Johnston (Vice-Chair)

(joined the Committee July 1;

Vice-Chair from September 17)

Ron Kim

(Vice-Chair until replaced as Trustee on September 2)

Ron Helmhold (external member)

David Lawson (external member)

Sandy McPherson (external member)

Paul Rogers

(resigned as Trustee June 30)

Lawton Shaw

(resigned from the Committee December 31)

Trevor Tombe

(joined the Committee July 1)



A WORD FROM THE CHAIR

On behalf of the UAPP Board of Trustees, I am pleased to present the 2025 annual report of the Universities Academic Pension Plan. The report provides the financial statements and details on the operations and financial health of the Plan.

Further, the report discusses the challenges and opportunities that UAPP faces as the Plan evolves. The Board remains focused on keeping the UAPP on sound financial footing to secure the pension benefits of its members and beneficiaries for decades to come. Included in this focus is the goal of ensuring operations, finances, and investments keep pace with a rapidly changing world.

LAWTON SHAW
CHAIR

MESSAGE FROM THE CHAIR

Despite ongoing geopolitical uncertainty, markets generally were successful in maneuvering through the noise. The UAPP Fund returned 8.8 per cent during 2025, underperforming the benchmark by 1.2 per cent. However, this year is the third consecutive with solid positive returns that exceed the rate assumed for actuarial valuation purposes (for 2025, this rate was 5.9 per cent) as the Fund edges closer to a market value of \$8 billion. The Fund grew by \$546.0 million during 2025 to end the year with \$7,910.2 million in assets. The growth in 2025 was driven by strong performance by UAPP's public equities investments which is particularly rewarding considering the five managers in that asset class only began managing these investments in 2024 following a lengthy due diligence process.

An actuarial valuation as at December 31, 2024 was completed during the year where the Board updated the Plan's actuarial assumptions. The discount rate was raised to 5.90 per cent from 5.62 per cent reflecting the significant rise in interest rates since 2022. Additional updates were made to the mortality table and assumptions regarding merit and promotion increases, based on actuarial studies completed just prior to this valuation. These revisions more accurately reflect the Plan's expected demographic trends. Collectively, these changes, along with other minor adjustments and shifts in Plan membership and the demographic and economic experience observed during the inter-valuation period, resulted in improvement in the Plan's funded ratio to its highest level ever. As a result, there will be a reduction of 1.29 per cent in the required combined member and employer contribution rates effective July 1, 2026. As at December 31, 2025, the funding position remains very healthy with a funded ratio of 103.0 per cent, a significant increase from last year's 93.8 per cent. While the Board is pleased UAPP's funding position is at an all-time high, we cannot become complacent and we will strive for continued improvement.

Following the completion of the actuarial valuation, UAPP's investment consultant conducted an asset/liability modelling study to evaluate the Plan's asset mix. This work was completed in November and was presented to the Investment Committee and the Board. The output recommended considerable changes from the current mix and would incorporate entirely new asset classes for UAPP. As a result, the Trustees' Office will prepare a comprehensive implementation plan in 2026. In the meantime, the current asset mix has performed well and remains appropriate until a measured transition plan is established.

MESSAGE FROM THE CHAIR

As noted in my 2024 Message from the Chair, the Plan began the momentous task of transforming the way pension administration is performed. Throughout the year, UAPP has been partnering with WTW (Willis Towers Watson) to configure a new system while the Trustees' Office prepares to deliver pension administration services internally commencing May 4, 2026. Strong governance and collaboration with our implementation partner have kept the project on track and within scope. A key plank of the Board's mission remains to provide high quality services to the UAPP members and stakeholders, and the new system and service model will greatly enhance the Plan's ability to carry out this mandate.

Another significant initiative taken on by UAPP this past year was in the development of a comprehensive Risk Management framework, which included the formalization of the Risk Management Policy. In last year's annual report, I alluded to the Canadian Association of Pension Supervisory Authorities' Guidelines for Risk Management for Plan Administrators which included the expectation that pension plans would incorporate the new standard prior to the end of 2025. The Trustees' Office staff worked diligently to implement these changes during the year, and this work will help ensure UAPP prudently manages its growth.

On behalf of the Board, it is my pleasure to extend tremendous thanks to UAPP's external members of its Committees. Ron Helmhold, David Lawson, and Sandy McPherson all give very generously of their time to the important work of the Investment Committee. We were pleased to welcome Suzanne Nickerson who joined the Audit Committee in May. UAPP will benefit from Suzanne's experience and new insights. At the Board's December meeting, the Audit Committee's Terms of Reference were amended to expand the duties to include finance and risk oversight. The new Audit, Finance, and Risk Committee will begin meeting quarterly starting in March 2026. Those Terms of Reference also limit committee membership to eight years and, unfortunately, Megan Costiuk reached that limit in 2025. Megan provided outstanding contributions to the Committee throughout her two four-year terms and UAPP benefited greatly from her work. We thank Megan for all her hard work while on the Audit Committee.

As in 2024, the Board continued to experience membership turnover, and I want to recognize the superb impact made by departing Trustees Ron Kim, Paul Rogers, and Pauline Smeltz. Ron joined the Board in 2021 and provided valuable insights to the Investment Committee throughout his term. Paul joined the Board in 2013, providing tremendous contributions to UAPP as he served at various times on each of the Actuarial, Audit, and Investment Committees.

MESSAGE FROM THE CHAIR

Paul also served one two-year term as each of Chair and Vice-Chair. His thoroughness and dedication to UAPP will be missed. Pauline joined the Board in 2024 and, while only serving for a short time, she was involved in some landmark Board discussions, including the decision to bring pension administration in-house.

During the year, we welcomed Stuart Johnston (Trustee for Athabasca University), Trevor Tombe (Trustee for The Faculty Association of the University of Calgary), and Wilbert Arends (Trustee for the University of Calgary). We look forward to working with each of them.

As outgoing Chair of the Board, I would like to thank my colleagues with whom I have worked very closely over the past two years and who have helped make the experience both a positive and productive one. I'm proud to be part of this talented Board as it continues to drive UAPP's substantial and constructive evolution. The Board welcomes Todd Gilchrist as the new Chair of the Board and James Smith as the new Vice-Chair. We wish them well in their new responsibilities and offer them our full support.

UAPP's relationship with its third-party service providers remains vital to the successful execution of the Board's mandate. We thank the staff at Alberta Investment Management Corporation, Aon, Bennett Jones, Beutel Goodman & Company Ltd., CIBC, CIBC Mellon, Connor, Clark & Lunn Investment Management, ESW I.T. Business Advisors, Fiera Capital Corporation, KPMG, Leith Wheeler Investment Counsel Ltd., Normandin Beaudry, North of South Capital, PineStone Asset Management Inc., TELUS Health (formerly Gallagher), and WTW for their service to UAPP during the year and we look forward to our on-going cooperative and mutually beneficial relationship.

The Board relies on a small team to carry out its mandate. On behalf of the Board, it is my great pleasure to acknowledge and thank our team at the Trustees' Office for their dedication and service to the UAPP.

A WORD FROM THE CEO

As I write my second annual CEO's message, our team has been looking back to all that has happened at UAPP during the past two years, and a central theme captures the experience: Change That Moves Us Forward. As we continue to make progress on our many initiatives, UAPP has indeed been changing and certainly moving forward.

CHRIS SCHAFER

CHIEF EXECUTIVE OFFICER



MESSAGE FROM THE CEO

Change That Moves Us Forward describes the intentional work our team has been undertaking since late 2024 through our Pension Administration Transformation Project. This monumental initiative entirely revamps the way UAPP members and employers experience pension administration. After maneuvering through recent challenges in third-party administration, UAPP is entering a new era to ensure the provision of high quality, cost-effective pension benefits administration services, fulfilling a prominent component of the Board's mission.

On May 4, 2026, UAPP will be going live with a new pension administration solution. Throughout 2025 and well into 2026, the team has been working hard to configure a system to provide members, and their participating employers, with a modernized online experience in a significantly enhanced portal. In addition to developing the new system, UAPP has also been busy preparing to administer pension benefits internally by building a dedicated and talented team.

A significant governance milestone was achieved in 2025 with the development and Board approval of UAPP's Enterprise Risk Management framework. This organization wide initiative established a formal and consistent approach to identifying, evaluating, managing, and reporting risk across UAPP's activities, strengthening governance, supporting better decision making and accountability, and advancing UAPP's alignment with the expectations of CAPSA Guideline No. 10.

Each December, UAPP publishes its three-year Business Plan. As 2025 ends, we want to evaluate how UAPP fulfilled the Board's mission during the year and how we intend to continue to do so in 2026 for each of four areas of focus:

Provide High Quality, Cost-Effective Pension Benefits Administration Services

While service levels from the current provider, TELUS Health (formerly Gallagher), have slightly improved from 2024, UAPP continues its conscientious work to make improvements in the entire pension administration process to better provide the high quality administration services that members and stakeholders deserve. While the landmark changeover to internal administration occurs May 4, 2026, the enhancements will continue to roll out over the coming months as we identify opportunities for further refinement. A comprehensive review of what is changing and what to expect is summarized in the Administration Report.

MESSAGE FROM THE CEO

Optimize Long-Term Investment Returns

As noted in the Investment Report, the market value of the Fund continued its upward trajectory towards the \$8 billion mark. An asset-liability modeling study was completed during 2025 from which new asset classes were recommended. Given the potential for significant changes, UAPP will be preparing an implementation plan and Trustee education sessions to ensure alignment prior to modifying the asset mix. I'm pleased to share that UAPP's new Chief Investment Officer Edward Ng is now in place to drive this work.

Provide Effective Communications

In October 2025, UAPP moved to exciting new office space to better accommodate growth in the team and the anticipation of a greater volume of member visits due to in-house pension administration. The change management plan relating to the Pension Administration Transformation Project is being deployed in April 2026 to ensure all members and employers are aware of the upcoming changes.

Practice Effective Governance

The establishment of UAPP's Enterprise Risk Management framework marks an important step forward in strengthening our governance practices. As UAPP continues to advance major initiatives and operate in an increasingly complex environment, a formal and consistent approach to risk management is essential. In 2026, UAPP will focus on operationalizing the framework through quarterly risk reporting, annual risk assessments, and the integration of recurring risk management processes across the organization. Reviewing workforce requirements across the organization will help ensure that the Plan remains sufficiently resourced to properly carry out oversight requirements. The Board's newly established Human Resources and Governance Committee will also provide additional safeguards for UAPP's operations.

Change That Moves Us Forward means that UAPP will continue its journey towards providing secure and sustainable pensions to our members by delivering high quality services to stakeholders, prudent investments, cost consciousness, and effective risk management from a culture of discipline, determination, accountability, and integrity.

2025 Highlights

For this year’s annual report, we identified our theme of “Change That Moves Us Forward”.

UAPP successfully completed a major milestone this year with the relocation of its office to a new, modern workspace at 1850, 10303 Jasper Avenue NW Edmonton, AB. Pictures of the new office feature prominently throughout this report.

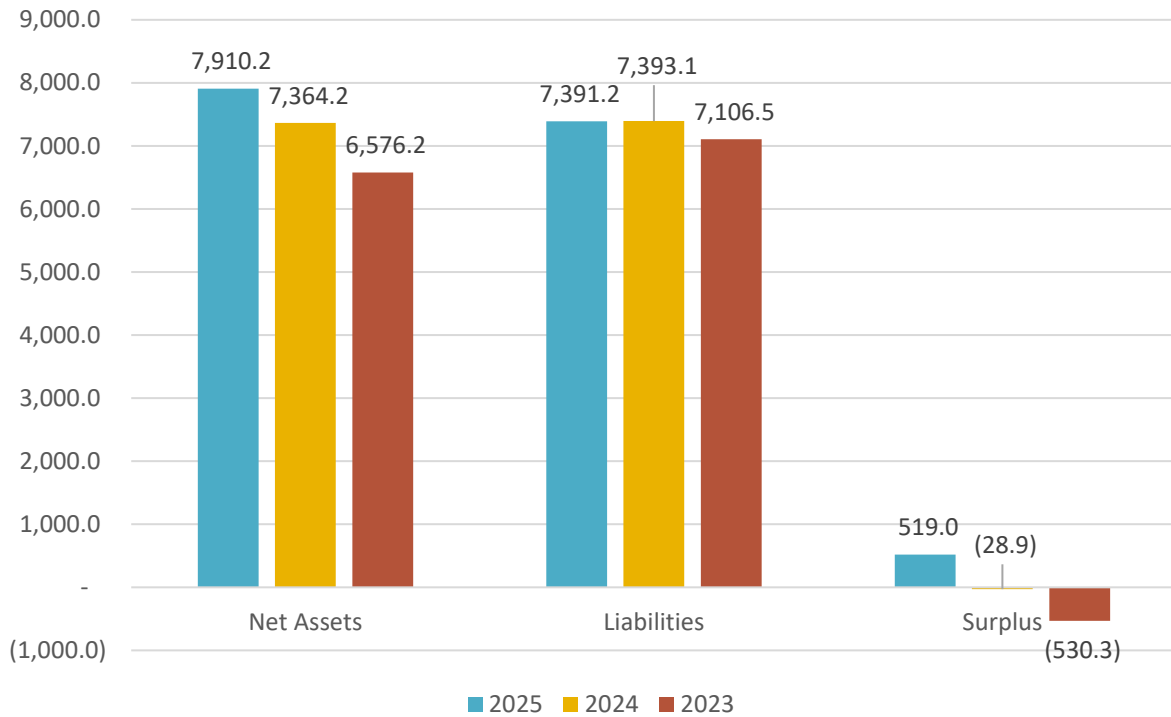
The move enhances UAPP’s ability to collaborate, serve members, and support the continued growth of the organization. The upgraded location provides improved accessibility, updated infrastructure, and a more efficient environment that aligns with UAPP’s long-term strategic goals.

Other highlights of 2025 include:

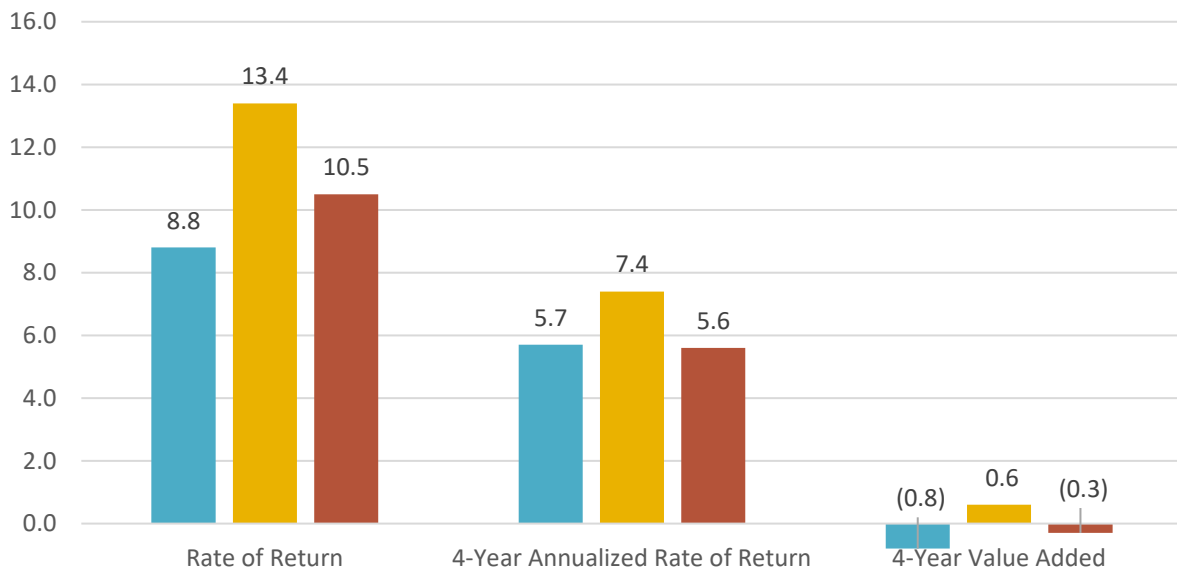
- The attainment of a surplus position on a total plan basis for the first time ever.
- Continued strong investment returns pushing plan assets to nearly \$8 billion.
- Advancement of the Pension Administration Transformation Project.
- Establishment of UAPP’s Enterprise Risk Management framework.

All these highlights represent real progress for UAPP as the journey towards providing secure and sustainable pensions to our members continues.

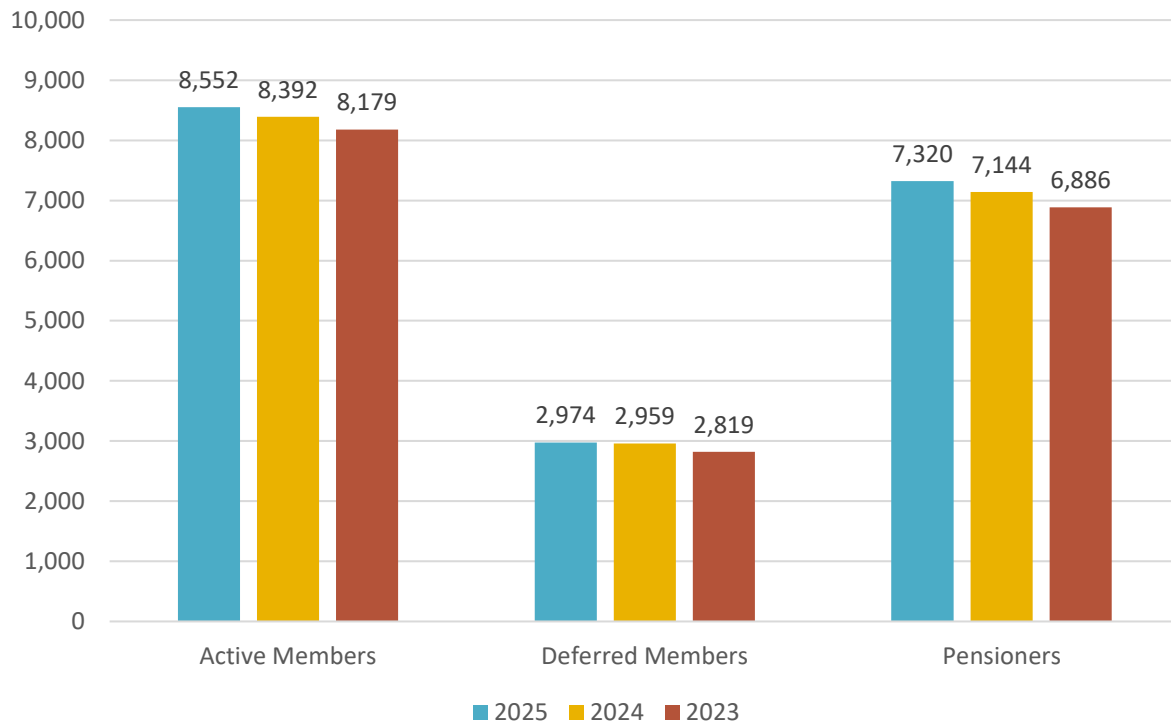
Net Assets, Liabilities, and Actuarial Surplus (in \$ millions)



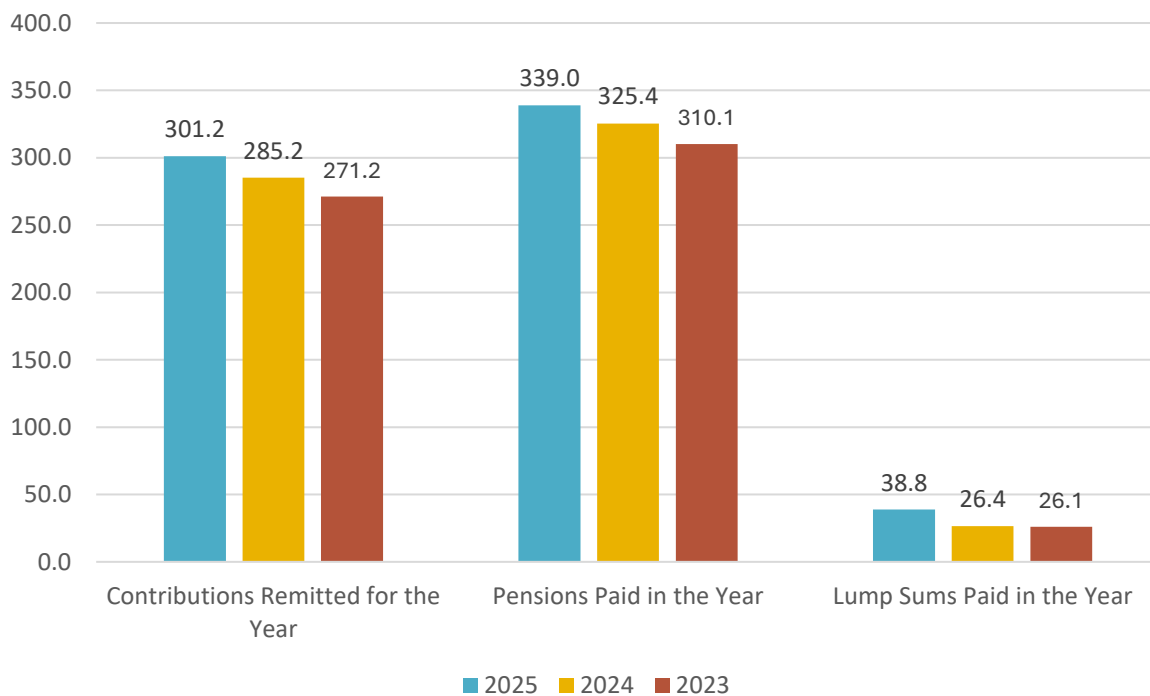
1- and 4-Year Rate of Return and 4-Year Value Added (in %)



Membership



Contributions and Benefit Payments (in \$ millions)



MANAGEMENT AND PLAN SERVICE PROVIDERS

Chris Schafer
Chief Executive Officer

Rebecca Lasquety
Chief Operating Officer

Paola Matallana
Chief Financial & Risk Officer

Edward Ng
Chief Investment Officer
(starting March 23, 2026)

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Edmonton, AB T5J 3N6
Fax: 780.415.8871
Email: board@uapp.ca
Website: www.uapp.ca

Pensioner Payroll Provider

CIBC Mellon Global Securities
Services Pensioner Payroll Inquiries:
CIBC Mellon Pension Benefits Dept.
PO Box 5858, Station B
London, ON N6A 6H2
Phone: 1.800.565.0479
Website: www.cibcmellon.com

Actuary & Investment Consultants

Aon

Auditor

KPMG LLP

Legal Counsel

Bennett Jones LLP

Investment Managers

Alberta Investment Management
Corporation

Beutel, Goodman & Company Ltd.

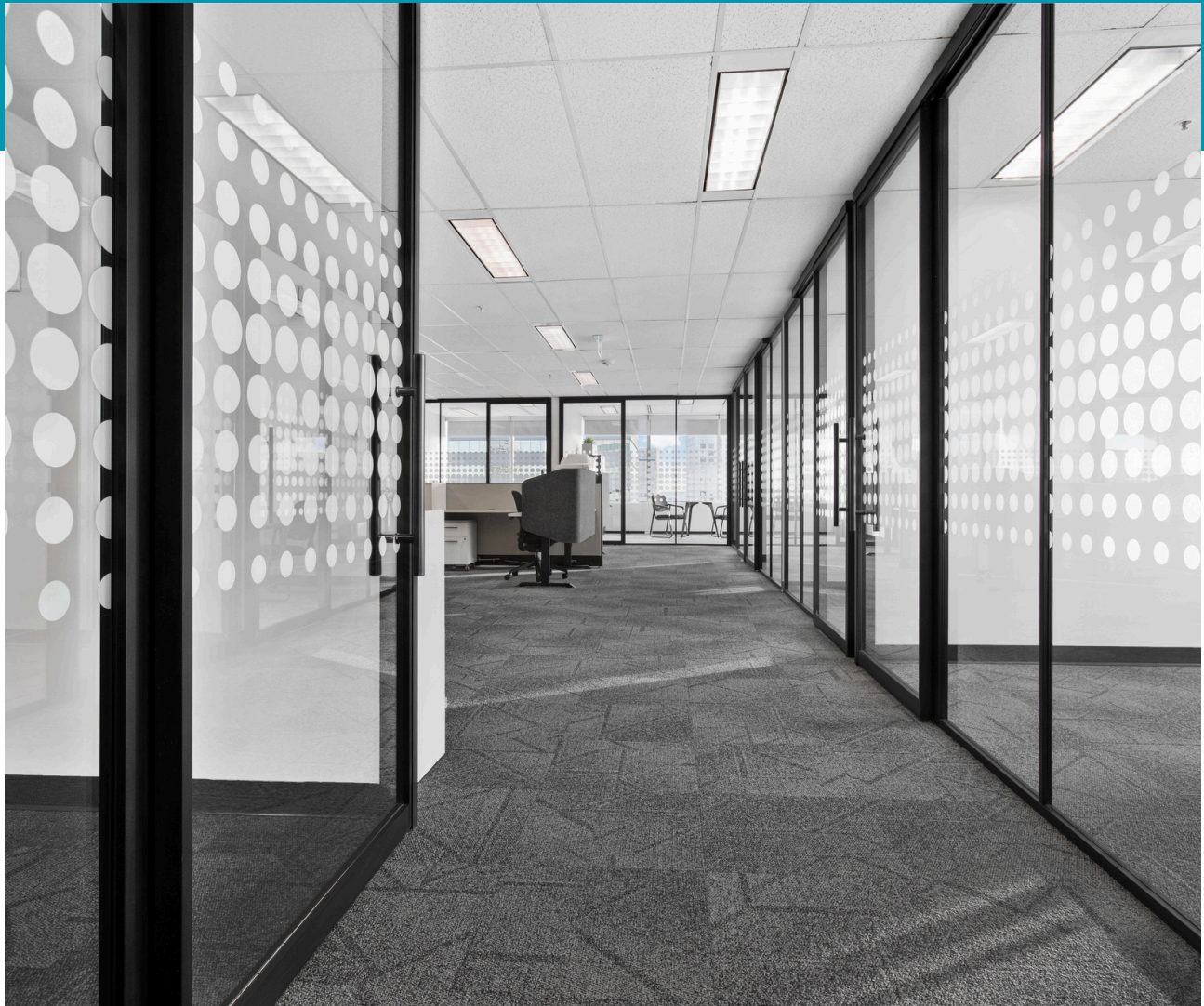
Connor, Clark & Lunn Investment
Management

Fiera Capital Corporation

Leith Wheeler Investment Counsel Ltd.

North of South Capital

PineStone Asset Management Inc.



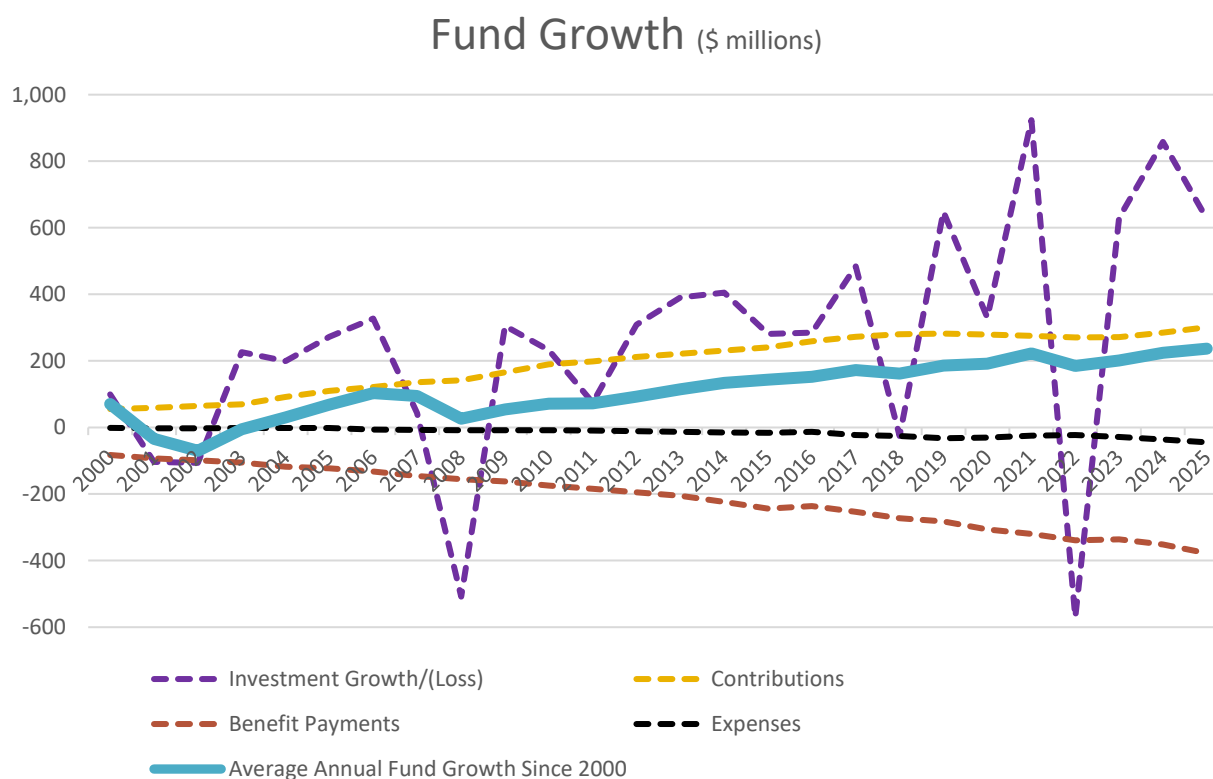
MANAGEMENT DISCUSSION AND ANALYSIS

Financial Position of the Plan

The Plan's Assets

The market value of the Plan's assets increased to \$7,910.2 million at December 31, 2025 from \$7,364.2 million at the end of 2024, reflecting an increase of \$546.0 million during the year due to positive investment returns. The Fund achieved a return of 8.8 per cent in 2025 following returns of 13.4 per cent in 2024 and 10.5 per cent in 2023.

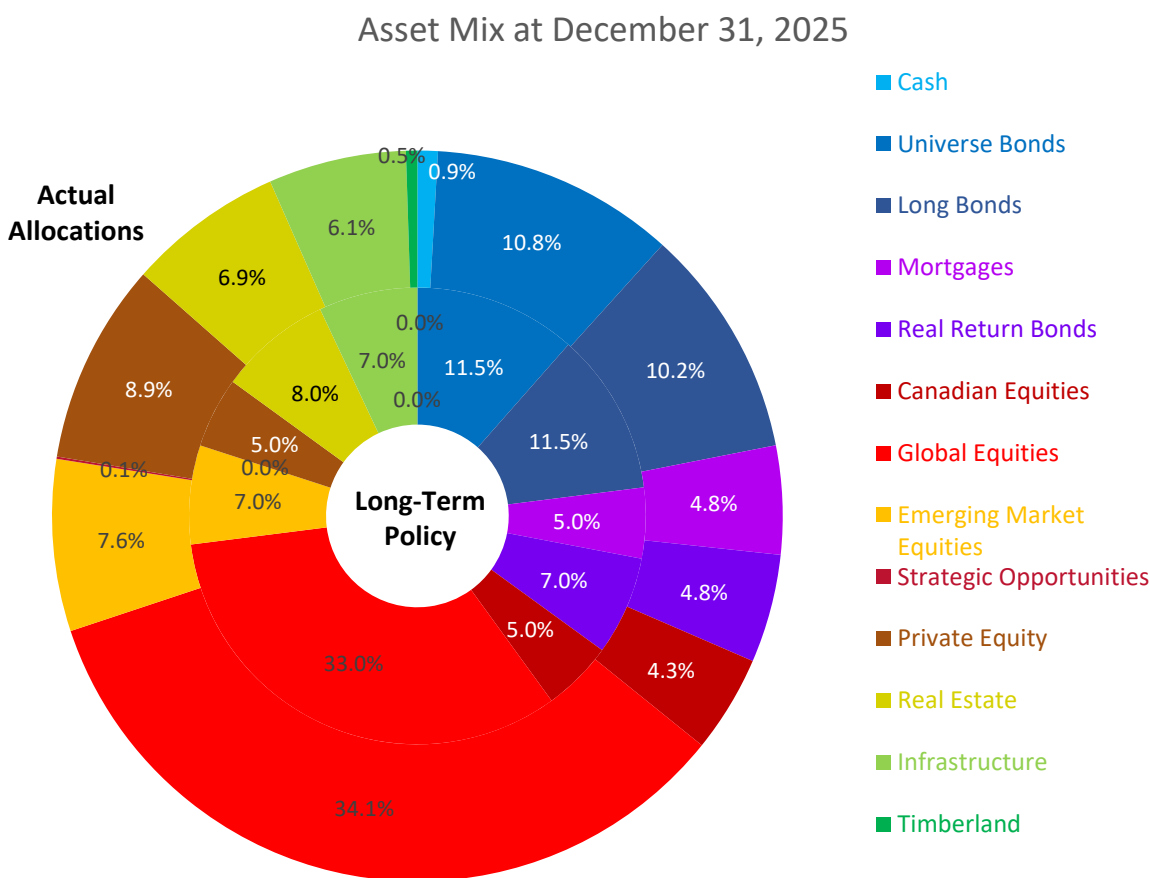
The Fund has grown at an average annual rate of \$236.9 million since 2000, driven by mostly positive investment income and changes in the fair value of assets. Though contributions have lagged benefit payments in recent years, the net impact of these components has been small while administrative and investment expenses have had a minimal effect on the Plan's asset value.



UAPP's investment philosophy includes the belief that diversification can reduce risk over the long-term. However, diversification is also a useful tool for enhancing potential investment returns particularly across asset classes that are not perfectly correlated. At December 31, 2025, UAPP invests in sixteen different mandates across seven investment managers. Within these mandates, managers are selected for several reasons, including for a diversity of styles. For example, in 2024, UAPP's public equities mandates were split across five very different

managers, from those with a traditional value approach, to a quantitative manager, to a boutique manager with a focus on emerging markets.

Despite drawing down \$111 million from the global equity class to make pension payments and no cash infusion throughout the year, these managers performed so well that the market value of this asset class still grew by a net sum of \$252.1 million. Emerging market equities also performed exceptionally through the year with a rate of return of 33.1 per cent and growth of \$149.6 million, again with no new funds. As a result of these strong equity returns in 2025, the whole asset class spent most of the year near the upper bound of its allowable range under the Plan’s target asset mix as defined in the Statement of Investment Policies and Goals. At the end of the year, equities sat at 54.9 per cent versus a maximum of 55.0 per cent. Early in 2026, the asset class exceeded this mark, resulting in a subsequent rebalancing.

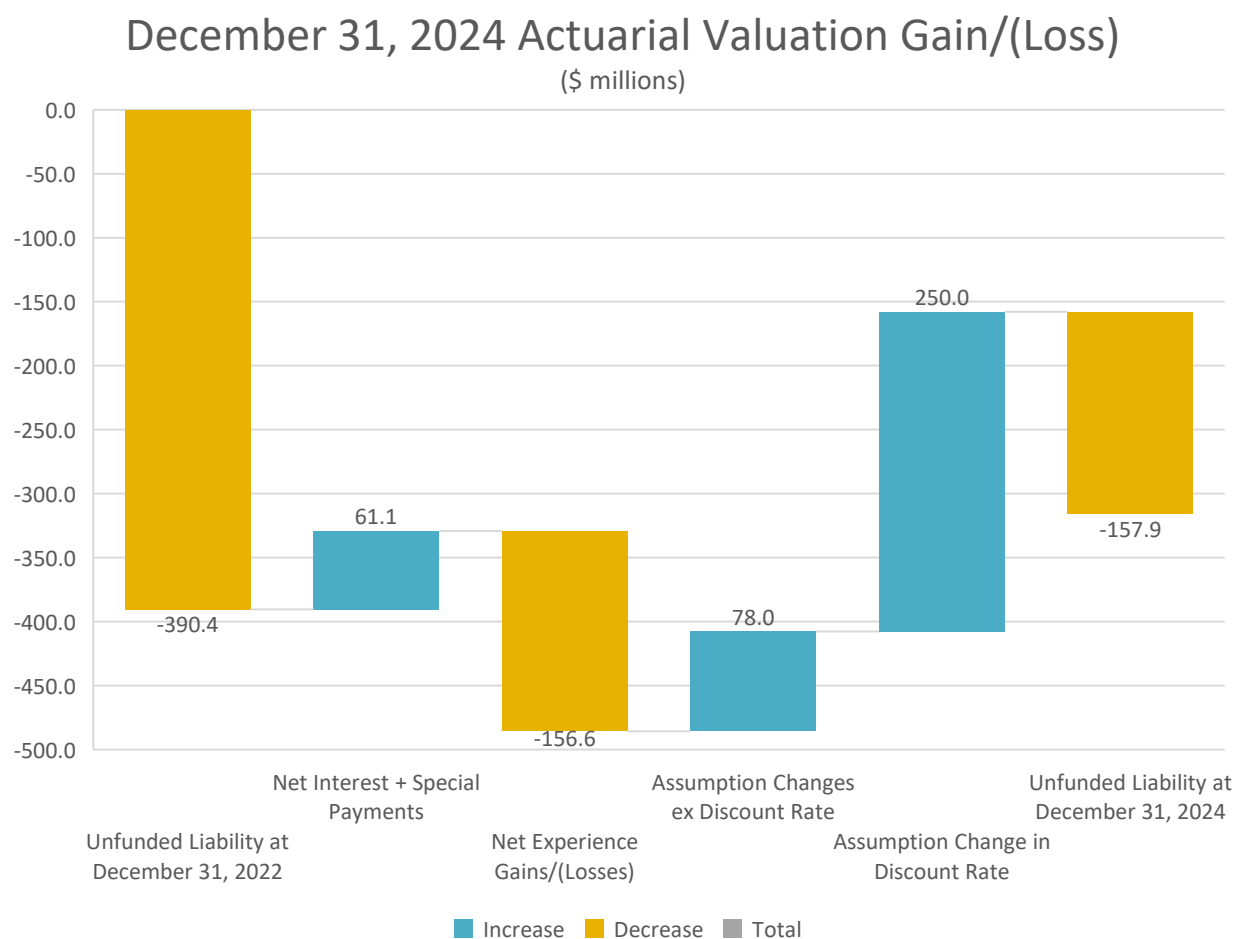


During 2025, UAPP undertook an actuarial valuation which included an increase in the assumed rate of return from 5.62 per cent per annum in the prior two years to 5.9 per cent from December 31, 2024. The Fund performance exceeded this updated assumption by 2.9 per cent with an annual return of 8.8 per cent. This year is the third straight in which the Fund outperformed the actuarially assumed return and the sixth time in the past seven years in which this occurred.

The Plan's Liabilities

The Plan's total liability at December 31, 2025 is determined to be \$7,391.2 million, just slightly less than the December 31, 2024 total of \$7,393.1 million. The liability this year is based on an extrapolation from the actuarial valuation as at December 31, 2024 which was completed during 2025, while the previous year's liability came from an extrapolation of the December 31, 2022 actuarial valuation.

A key component of the valuation process is the Board review, in consultation with the Plan's actuary, of the actuarial assumptions. Given rising interest rates since 2022, UAPP adopted a higher discount rate for the new actuarial valuation and for this year's Financial Statements. All else being equal, raising the discount rate to 5.9 per cent this year would normally decrease the value of liabilities. A review of the December 31, 2024 actuarial valuation report shows that the Plan's financial position was enhanced largely due to this change in the discount rate, much of which was offset by net experience losses.

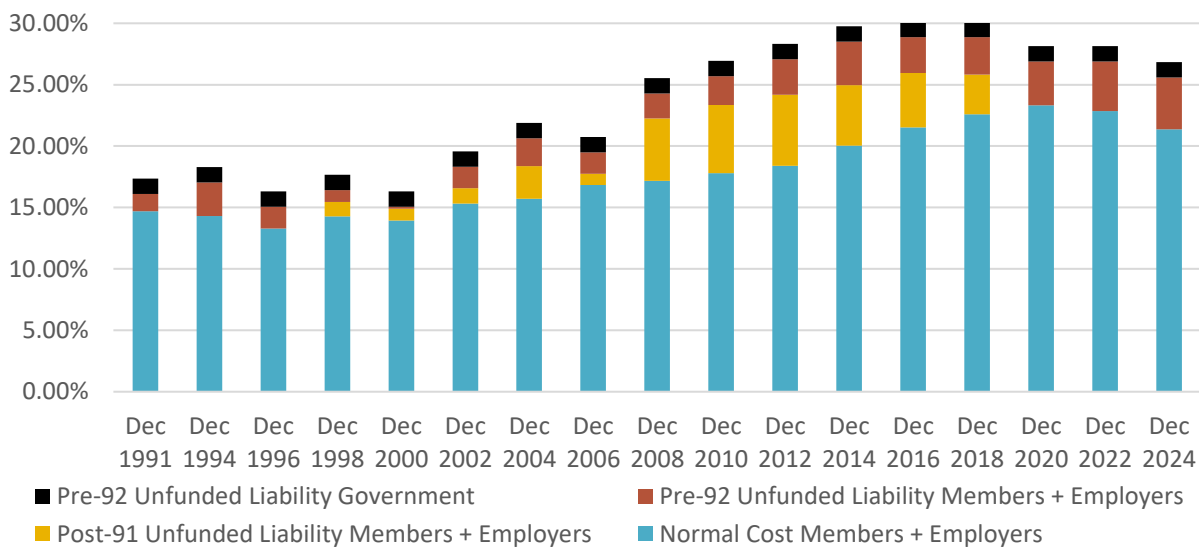


Just prior to the actuarial valuation, the actuary completed a mortality study to assist the Board in setting the assumption for how long UAPP members will live. This assumption is critical to valuing the Plan's liabilities because members receive pensions paid for their lifetimes and, in many cases, the lifetimes of their surviving spouses. The study revealed that male members are

living closer to as long as the actuary’s socioeconomic tools suggest they are living while female members are living longer than expected. As a result, the adjustment factors were changed for males from 80 per cent to 85 per cent and for females from 95 per cent to 90 per cent. The base table and projection scales remained unchanged. New tables are likely going to be available at the time of the next actuarial valuation, expected in 2027, and UAPP looks forward to continuing its pattern of adopting the latest mortality assumptions. Regularly reviewing and updating this assumption is a key step in achieving intergenerational equity, such that the current generation of contributors fund only the current generation’s accrual of pension benefits. This target remains one of the objectives identified in the UAPP Funding Policy.

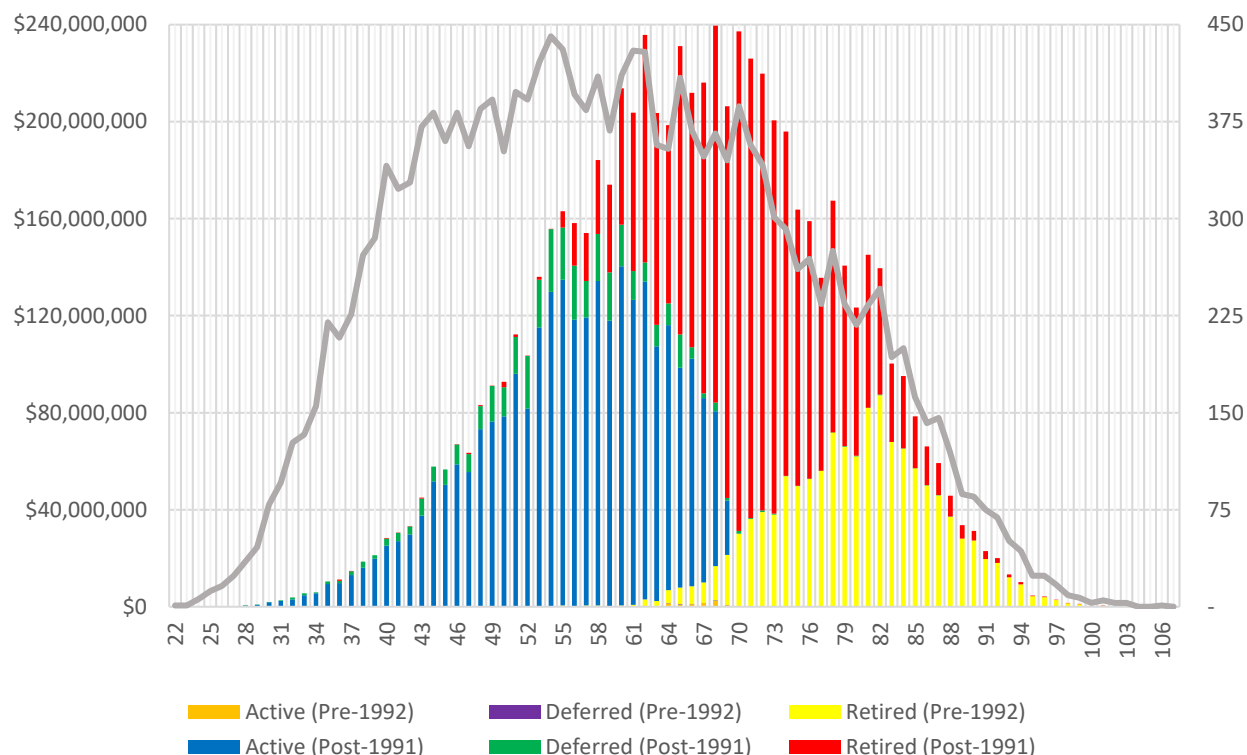
With the goals of securing the benefits of Plan members and complying with the funding requirements of the Employment Pension Plans Act (Alberta), the Board, on the advice of its actuary, will reduce the overall total contribution rate effective July 1, 2026 to 25.59 per cent combined for members and employers with lower required rates for the portion of salaries below the Year’s Maximum Pensionable Earnings (YMPE) and between the YMPE and pensionable salary cap, but a higher required rate above the pensionable salary cap. Contribution rates are at their lowest level in fourteen years. Contributions from the Government of Alberta towards the pre-1992 unfunded liability continue at 1.25 per cent of all salaries with that amortization scheduled to end on the sooner of December 31, 2043 or the date when this unfunded liability is eliminated.

Contribution Rates by Type by Actuarial Valuation Date
(as % of salary)



The lifecycle of a pension plan member’s actuarial liability is generally one of gradual growth while actively accruing years of pensionable service, culminating in a peak at the time of retirement. As their pension is then paid, the value of the liability typically declines steadily before running to zero when the pension ceases upon the member’s or surviving spouse’s death, as applicable.

Liabilities by Age and Member Group (December 31, 2024 Valuation)



As 1992 falls further into the past, the pre-1992 liability for active members will dwindle further. At this valuation, only 71 active members have liabilities from this period, ranging in age from 58 to 69. However, roughly half of retired members have pre-1992 liabilities, meaning pensions accrued in this period will continue to be paid for decades to come.

The Plan's Funded Ratio

The extrapolation for this year's Financial Statements shows that the Plan's funded ratio, the ratio of the actuarial value of assets to liabilities, increased significantly from 93.8 per cent at December 31, 2024 to an all-time high of 103.0 per cent at December 31, 2025. This year also marks the first time UAPP has been fully funded on a total Plan basis with a going concern surplus of \$220.7 million.

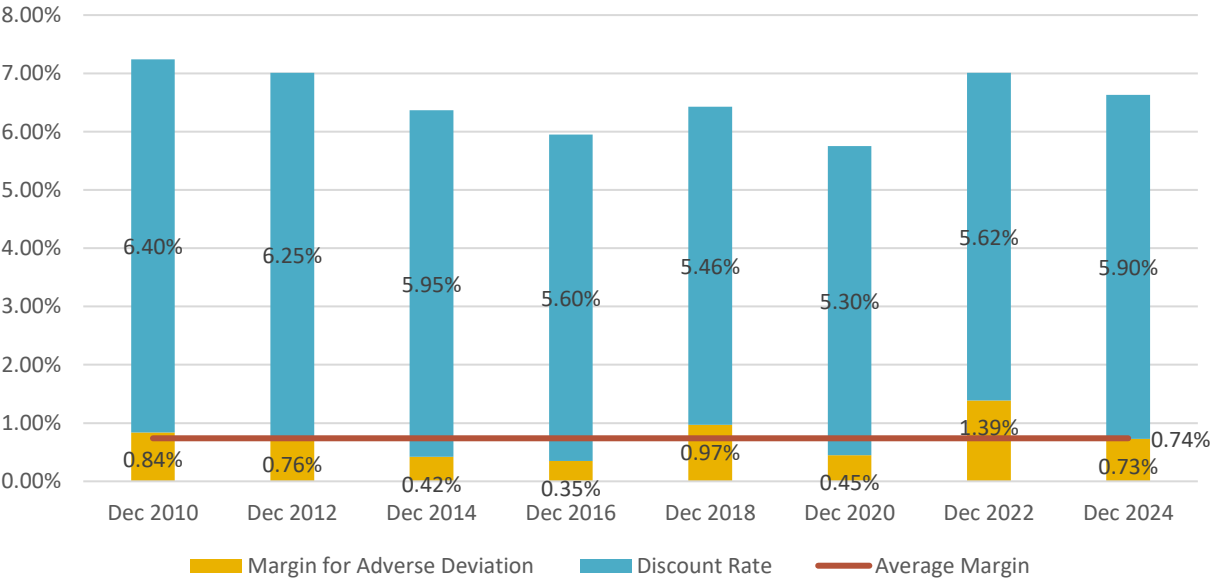
	December 31, 2025			December 31, 2024		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Fair Value of Net Assets	368.5	7,541.7	7,910.2	403.3	6,960.9	7,364.2
Actuarial Adjustment	(19.0)	(279.3)	(298.3)	(28.8)	(397.5)	(426.3)
Actuarial Value of Net Assets	349.5	7,262.4	7,611.9	374.5	6,563.4	6,937.9
Accrued Pension Liability	1,198.2	6,193.0	7,391.2	1,288.8	6,104.3	7,393.1
Actuarial (Deficiency) Surplus	(848.7)	1,069.4	220.7	(914.3)	459.1	(455.2)
Actuarial Funded Ratio	29.2%	117.3%	103.0%	29.1%	107.5%	93.8%

(all figures in \$millions)

The significant increase in the funded ratio has occurred for two reasons. Firstly, there was virtually no net movement in the denominator of the ratio calculation. Typically, the Plan experiences increases in liabilities due to active members continuing to accrue additional years of pensionable service. However, as described earlier, this growth was muted by an increase in the discount rate used for the actuarial valuation completed in 2025.

When setting the discount rate used to value the Plan’s liabilities, the Board consults with the Plan’s actuary to estimate the future investment returns based on the target asset mix. From there, the Board chooses a margin for adverse deviation, which acts as a buffer should the investment returns fail to reach projections. In the December 31, 2022 actuarial valuation, a large margin was chosen because the smoothed value of assets exceeded the fair value of assets, meaning the asset value was overstated for the purposes of the valuation. The reverse situation occurred in the December 31, 2024 actuarial valuation where the smoothing method resulted in an understatement in the asset value. As such, a sizable margin was already built into the value of the assets this valuation, enabling the Board to adopt a discount rate that utilized a smaller margin than in the previous valuation. The margin chosen was almost identical to the average margin used over the seven previous actuarial valuations.

Discount Rates and Margins Past Eight Actuarial Valuations

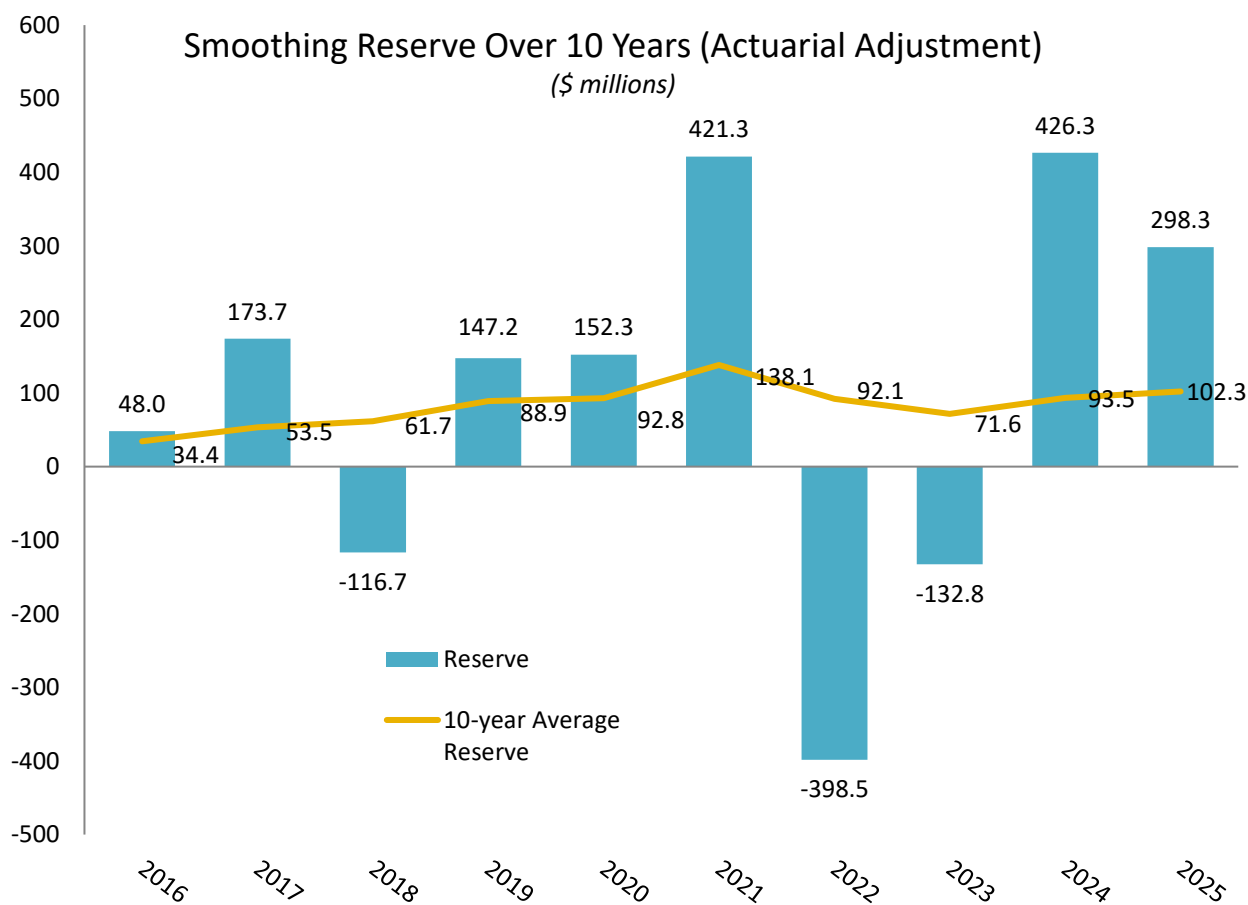


The second reason the funded ratio surged this year is because for the third year in a row, the Plan’s investments attained sizable positive returns. At December 31, 2022, the fair value of net assets was \$6,014.1 million. This value has grown over the past three years to \$7,910.2 million, representing a total increase in that time of 31.5 per cent despite negative cash flow due to benefit payments exceeding contributions.

For funding valuation purposes, asset values are adjusted for fluctuations in fair values to moderate the effect of market volatility on the Plan’s funded status. Under this method, asset values are calculated based on what the asset value would be at the valuation date had the assets earned precisely the rate of return assumed in the actuarial valuation. This calculation is

carried out independently at each of two starting points, namely the market value as at each of the two calendar year-ends preceding the valuation date. These two calculated values, together with the market value as at the valuation date, are averaged to determine the actuarial value of assets with a constraint limiting the actuarial value not to exceed 110% or fall below 90% of net assets available for benefits.

For 2025, the actuarial value of the Fund grew to \$7,611.9 million at the end of the year from \$6,937.9 million at the end of 2024. The December 31, 2025 actuarial value of the Fund is \$298.3 million lower than the market value, aided by the actual return exceeding the assumed rate of return for 2025. The smoothing reserve has fluctuated from a high of \$426.3 million (2024) to a low of -\$398.5 million (2022), averaging \$102.3 million over the last 10 years.



Looking to the Future

The theme Change That Moves Us Forward captures the excitement of what’s happening across the organization at UAPP. We are building a new and better way of providing high quality pension administration services to members and employers at a time when we have finally attained fully funded status on a total Plan basis. With a strong risk foundation now established, UAPP is poised to transform change into opportunity, redefine member value, and build a resilient future for all Plan members.



INVESTMENT REPORT

Investment Beliefs and Approach

The development of UAPP's strategic, long-term investment policy is based on several key beliefs.

1. There is a relationship between risk and return. Achieving higher returns generally requires exposure to higher risks. The relationships between risk and return are more predictable over the longer term. Growth investments such as Equities, Real Estate, and Infrastructure are expected to, in the long term, provide greater returns than fixed income investments although with greater short-term volatility. The long-term strategic asset allocation decision is the most important factor in determining investment risk and return.
2. In establishing the asset mix policy of the Fund, the liabilities of the Plan should be taken into consideration. Allocations to certain asset classes, such as longer-term bonds, can positively impact the relationship between assets and liabilities, reducing contribution and funded status volatility. Inflation has a direct impact on the UAPP's liabilities. Investments in inflation-sensitive assets like Real Return Bonds, Real Estate, and Infrastructure assist in managing the inflation risk.
3. Less liquid asset classes should provide greater risk-adjusted returns, additional diversification opportunities, and may assist in hedging inflation.
4. Diversification within and across asset classes and by investment styles that are not perfectly correlated, can reduce risk over the long term without compromising expected returns and is a prerequisite to prudent fund management.

The Board believes that exposure to foreign currencies as a result of moderate levels of foreign investments can provide diversification benefits. Currency hedging should only be undertaken to mitigate risk.

5. Responsible investing involves incorporating financially material environmental, social, and governance ("ESG") considerations into investment decisions. The Board acknowledges that ESG factors can affect the risk-return profile of investments. The Board believes that organizations that identify and appropriately manage ESG risks and opportunities are more likely to represent good long-term investments. The types of ESG factors that may have material effects on investment returns include, but are not limited to the following:
 - Environmental factors: pollution, resource depletion, climate change, deforestation, and land use.
 - Social factors: labour standards, workplace health and safety, diversity, and consumer protection.
 - Governance factors: shareholder rights, conflicts of interest, board structure and diversity, corruption, executive compensation, and tax strategy.
6. The Board utilizes pooled funds offered by investment managers and recognizes that there is limited ability to directly influence the selection of specific investments or the degree to which ESG factors are considered by the investment managers. However, ESG considerations are integrated into the manager selection process by virtue of the Board selecting only those

investment managers that have robust responsible investing approaches and appropriately consider ESG factors in their investment decisions.

7. Specific investments should not be excluded solely based on ESG factors. The Board encourages its investment managers to actively engage with investee companies on the full range of ESG considerations. Managers must regularly report any material changes to their ESG policies and methodologies.
8. Active management is expected to serve the Plan better than passive management in most asset classes. Markets are efficient to varying degrees, and short-term deviations from long-term fundamentals can occur. Therefore, there is an expectation for skilled managers to add value and/or reduce risk relative to passive exposure to the market. The opportunity for value added and/or reduced risk from active management should be weighed against the incremental cost relative to passive market exposure.
9. A specialist manager structure offers a number of benefits over a balanced manager structure including the potential to hire the best manager for each asset class, greater flexibility to replace underperforming funds, and the ability to make use of passive investment funds for appropriate asset classes.
10. With respect to foreign equities, global mandates are preferred over combinations of U.S. and International equity mandates because global mandates allow managers more flexibility and greater opportunities to add value.
11. Market timing is not seen as an effective strategy for generating consistent returns. Therefore, a rebalancing protocol around the strategic asset mix is seen as the most effective way of ensuring that portfolio risk does not drift materially above or below the intended risk level.
12. Investment managers should be selected and monitored in accordance with the Investment Manager Selection and Monitoring Policy.
13. Investment returns should be evaluated over at least a 4-year period. Emphasis should be placed, not only on the level of returns, but also on the amount of risk taken to achieve those returns. Tracking error should be assessed in terms of the impact on volatility of the Plan's required contributions and funded status.

These beliefs require an investment approach that seeks to obtain higher long-term returns while containing volatility in short-term results. This goal underlies the UAPP's investment policy and risk management measures.

Investment Policy

UAPP's investment policies are based on the investment beliefs and expectations of the Board and are set out in the Statement of Investment Policies & Goals (SIP&G). The asset mix policy, or the Fund's long-term allocation to the different asset classes, is a key component of the SIP&G. It is through the asset allocation decision that the Board diversifies its investments across asset classes

and attempts a balance between the objective of higher long-term returns and the desire to reduce shorter term volatility in those returns.

The Board, through its Investment Committee, monitors on an ongoing basis the performance of the Fund, the funded status of the Plan, capital markets and economic developments and expectations. Based on this monitoring, the Board may adjust the asset mix and take other appropriate measures to control risk or improve returns. The Board reviews the SIP&G at least once a year. A new SIP&G became effective January 1, 2026, a copy of which is available on the UAPP website www.uapp.ca under Publications.

The following table compares the Board's current Long-term Policy Asset Mix benchmark and ranges to the actual asset mix of investments for 2025 and 2024.

Long-term Policy Asset Mix (percentage of Fund)								
Asset Class	2025				2024			
	Target	Min	Max	Actual	Target	Min	Max	Actual
Fixed Income								
Cash & short term	0.0	0.0	1.0	0.9	0.0	0.0	1.0	1.2
Universe bonds	11.5	9.5	13.5	10.8	11.5	9.5	13.5	10.7
Private mortgages	5.0	3.0	7.0	4.8	5.0	3.0	7.0	4.2
Long duration bonds	11.5	9.5	13.5	10.1	11.5	9.5	13.5	10.4
Real return bonds	7.0	5.0	9.0	4.9	7.0	5.0	9.0	5.2
	35.0	31.0	39.0	31.5	35.0	31.0	39.0	31.6
Equities								
Canadian public equities	5.0	3.0	7.0	4.3	5.0	3.0	7.0	3.9
Foreign public equities								
Global	33.0	28.0	38.0	34.1	33.0	28.0	38.0	33.1
Emerging markets	7.0	5.0	9.0	7.6	7.0	5.0	9.0	6.2
Private equity	5.0	3.0	7.0	8.9	5.0	3.0	7.0	10.5
	50.0	45.0	55.0	54.9	50.0	45.0	55.0	53.6
Alternative investments								
Real estate	8.0	6.0	10.0	6.9	8.0	6.0	10.0	7.2
Infrastructure	7.0	5.0	9.0	6.1	7.0	5.0	9.0	6.9
Timberland	0.0	0.0	1.0	0.5	0.0	0.0	1.0	0.6
	15.0	11.0	19.0	13.5	15.0	11.0	19.0	14.7
Strategic opportunities and currency	-	-	-	0.1	-	-	-	0.2
Total	100.0			100.0	100.0			100.0

Note: the "Actual" columns include cash and invested assets.

The Plan maintains a diversified investment portfolio encompassing fixed income securities, Canadian and global public equities, private equities, and alternative investments. Similar to past years, the private equity segment of the portfolio surpassed the upper limit set by the SIP&G in 2025 due to increased market values from past returns. Given the illiquidity of this asset class, no new private equity investments will occur until allocations return to permissible levels through strategic

divestments, contingent on market conditions. This overweight in private equity has resulted in a fixed income allocation below target but still within the acceptable range.

The allocation to real return bonds fell below the minimum allocation at the end of year. Canada's real return bond market has undergone significant disruption since the federal government ceased issuing RRBs in November 2022, citing weak demand and poor liquidity. This disruption has limited UAPP's ability to increase the allocation back above the minimum level. A review of this asset class will be completed during 2026 to evaluate its suitability going forward.

The Plan's money market and fixed income portfolio is exposed to credit risk and interest rate risk through bond and mortgage holdings and derivative products. Based on the view that currencies are a zero-sum game in the long-run, currency exposure to foreign equity markets is largely unhedged. To protect the Fund from a drop in the value of foreign currencies, the investment managers may hedge the Fund's foreign currency exposure back into Canadian dollars. Therefore, unless currency exposure is hedged, the returns from foreign markets will be impacted by changes in the exchange rate of the Canadian dollar.

Investment Management

During 2025, UAPP relied on seven investment managers to oversee its portfolio:

- Alberta Investment Management Corporation (AIMCo) manages 32.2% of the Fund. AIMCo's portfolio includes private equity, alternative investments, private mortgages, and real return bonds. Established in 2008 as an Alberta provincial corporation, AIMCo reports to the President of Treasury Board and Minister of Finance, overseeing \$183 billion in assets for public sector pension plans and the Alberta government.
- Beutel, Goodman & Company Ltd. is responsible for half of the Canadian long bond and universe bond portfolios as well as about one-third of UAPP's global equity strategy added in March 2024, with total assets across three strategies representing 21.6% of the Fund. Founded in 1967, this privately-owned Canadian firm manages around \$50 billion in assets.
- Connor, Clark & Lunn Financial Group (CC&L) manages one-third of UAPP's global equity strategy, comprising 11.7% of the Fund. Founded in 1982, CC&L is one of Canada's largest independent investment management firms with \$112 billion in assets.
- Fiera Capital Corporation manages the other half of UAPP's Canadian long bond and universe bond portfolios, accounting for 10.5% of total Fund as of December 31, 2025. Founded in 2003, the company is active across public and private markets, with approximately \$164 billion in assets.
- Leith Wheeler Investment Counsel manages the Canadian equity strategy, representing 4.3% of the Fund. Established in 1982, Leith Wheeler is an independent investment firm based in Vancouver, British Columbia, with approximately \$30 billion in assets under management.
- North of South Capital LLP manages the emerging markets strategy, representing 7.6% of the Fund. Founded in 2004, North of South is a London, UK-based investment management firm specializing in emerging market equities, with approximately \$17 billion in assets.

- PineStone Asset Management Inc. manages the last one-third of UAPP’s global equity strategy, accounting for 11.2% of the Fund. Based in Montreal, PineStone was established in 2021 following a separation from a large independent asset manager. The firm is 100% employee-owned, focusing exclusively on investing in high-quality companies worldwide, with approximately \$84 billion in assets under management.
- The remaining 0.9% of the portfolio is primarily in a cash account held by Canadian Imperial Bank of Commerce (CIBC) with a small additional balance in a benefit payment account held by CIBC Mellon. UAPP has no target allocation to cash but there is an allowed range of 0.0-1.0% of total assets.

To mitigate risks associated with implementation of investment policy, UAPP has established clear benchmarks, guidelines, standards, and controls at both the total Fund and individual asset class levels. Investment managers are granted flexibility within prescribed limits to enhance value beyond policy expectations. Compliance with the SIP&G and performance relative to specified benchmarks are formally monitored on a quarterly basis. The Board relies on its Investment Committee, its internal investment team, and Aon as an independent asset consultant to manage relationships and regularly evaluate investment managers.

Proxy Voting

Proxy voting is an important tool in corporate governance. The Board delegates responsibility for proxy voting to investment managers. Pension funds are to be managed in the best interests of beneficiaries. This principle governs the voting of proxies. The UAPP Board considers proxy voting to be a key element of responsible investing and that thoughtful voting is a contributor to optimizing the long-term value of investments.

Risk Management

The Board recognizes that to meet the return objectives of the Plan, UAPP must take on risk inherent in the assets in which the Plan invests. As such, UAPP invests in a diverse set of asset types to help improve the likelihood of achieving its desired results for a given level of risk.

Investment risk management is a key focus for the Board and the investment managers, who seek to measure and monitor both historic and possible future risks, allocating risk as a scarce resource to the most promising investment opportunities.

UAPP monitors the risk of the Plan’s liabilities in relation to its invested assets.

Evaluating Investment Performance

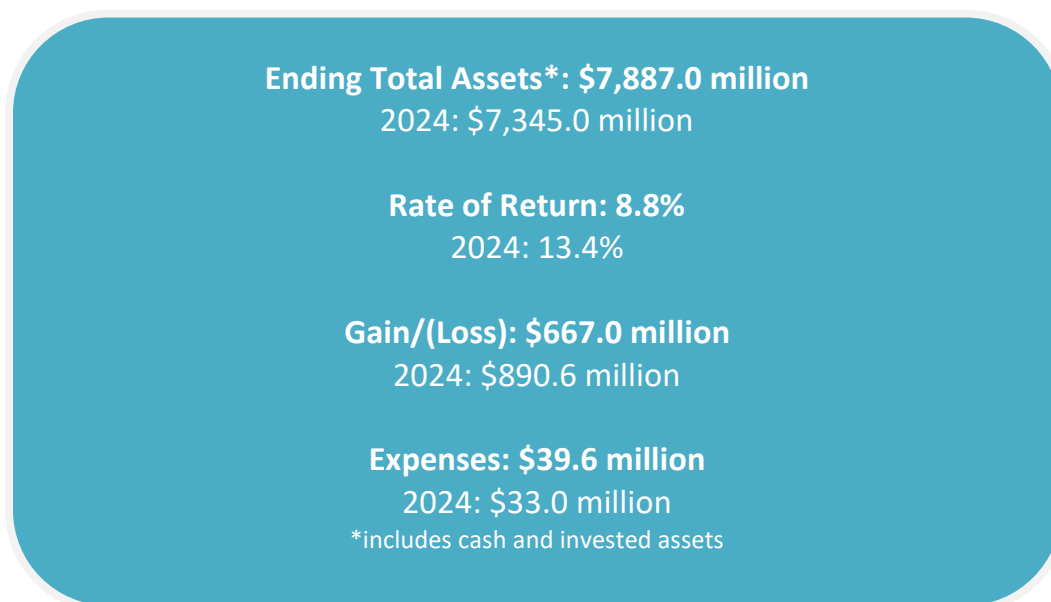
A key actuarial assumption in calculating the Plan’s pension obligation is the discount rate, to which the obligation is highly sensitive. According to the 2025 audited financial statements, a 1% decrease in the nominal discount rate and commuted value settlement discount rate would result in an increase to actuarial liabilities and plan deficit of \$1,047.9 million.

The discount rate in 2025 increased to 5.90% from 5.62% used for 2024. The current discount rate is based on a long-term real return assumption of 3.65% and an inflation assumption of 2.25%. This reflects the Plan's long-term investment return objective for funding purposes.

Investment performance is also evaluated by assessing whether managers generate returns above their respective benchmarks. The Plan's overall performance is measured against a policy benchmark, which reflects the weighted market index returns of the Plan's strategic asset allocation.

While peer comparisons can provide context, they are only meaningful when funds have similar investment objectives, risk profiles, and constraints.

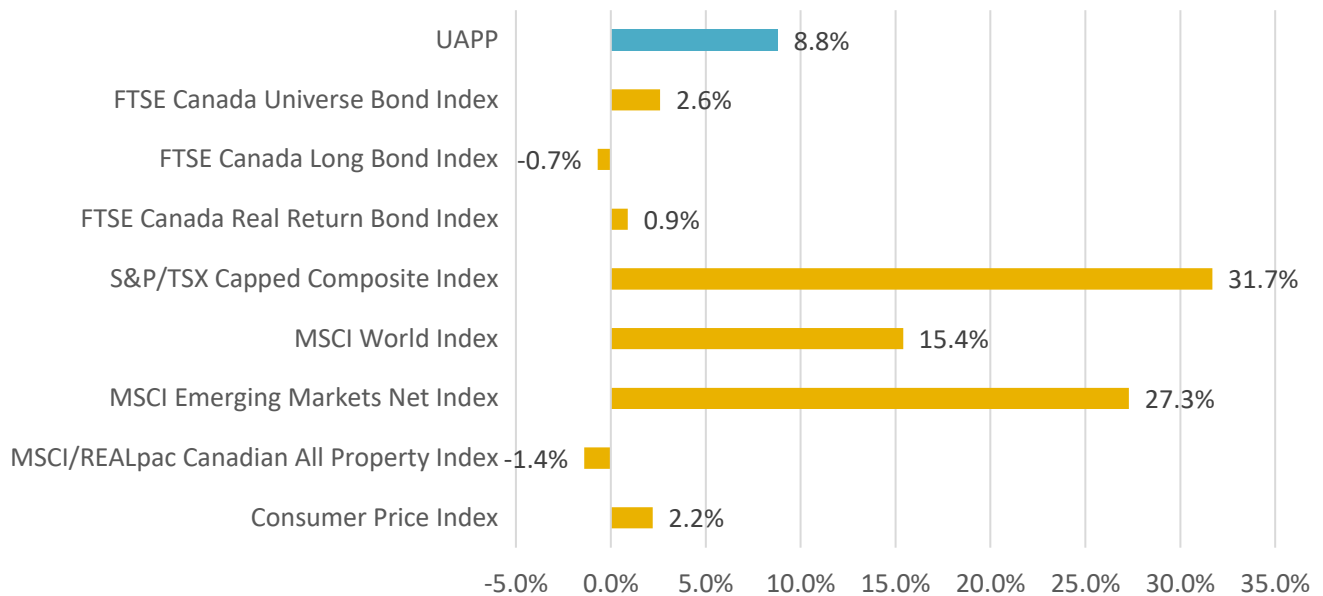
2025 Investment Performance



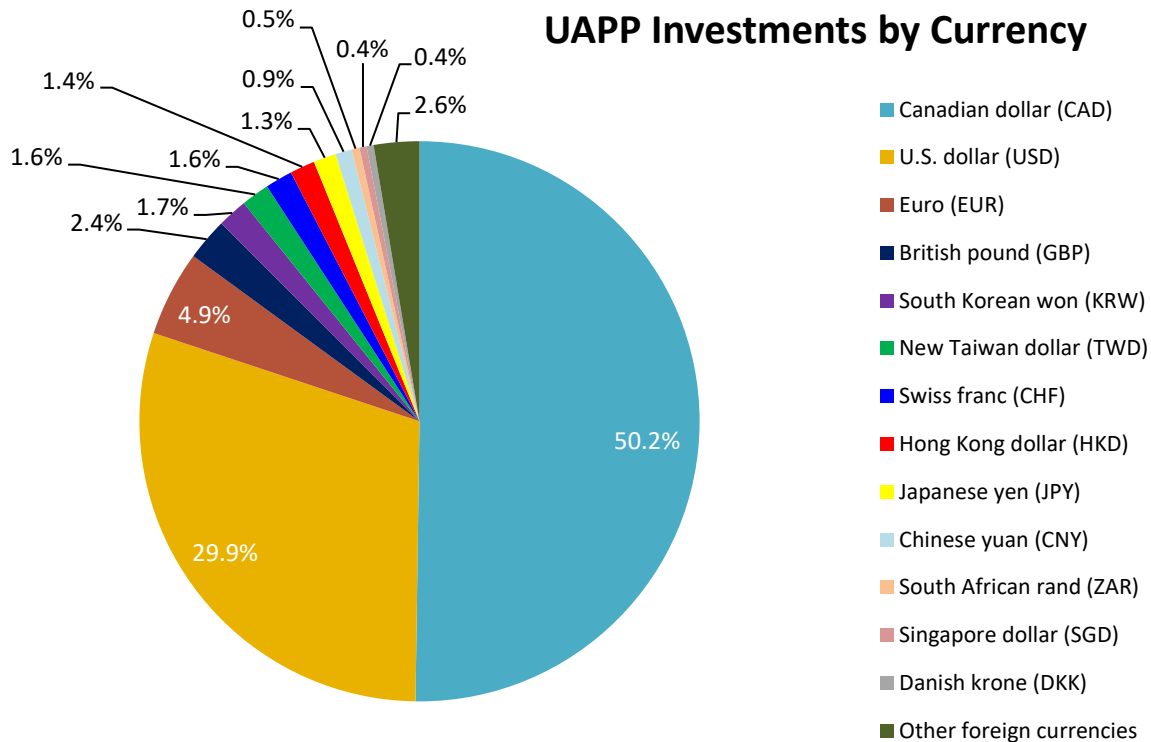
UAPP has experienced positive absolute returns on its investments in each of the last nine quarters up to and including Q4 2025. The annual rate of return of 8.8% was short of the benchmark by 1.2%. During this year, a return of 1.5% was received in Q1, outperforming the benchmark by 0.9%. In Q2, UAPP returned 0.7%, underperforming the benchmark by 2.0% due to negative returns in Private Equity and Infrastructure. Performance in Q3 included a robust 4.9%. While this was the best quarter of the year for the Fund, it still underperformed the benchmark by 0.9% due to security selection within the Public and Private Equity classes. The return in Q4 as 1.5%, outperforming the benchmark by 0.7%.

The following chart summarizes the overall return of UAPP for 2025 against the market returns in Canadian dollars from UAPP's benchmark indices and inflation.

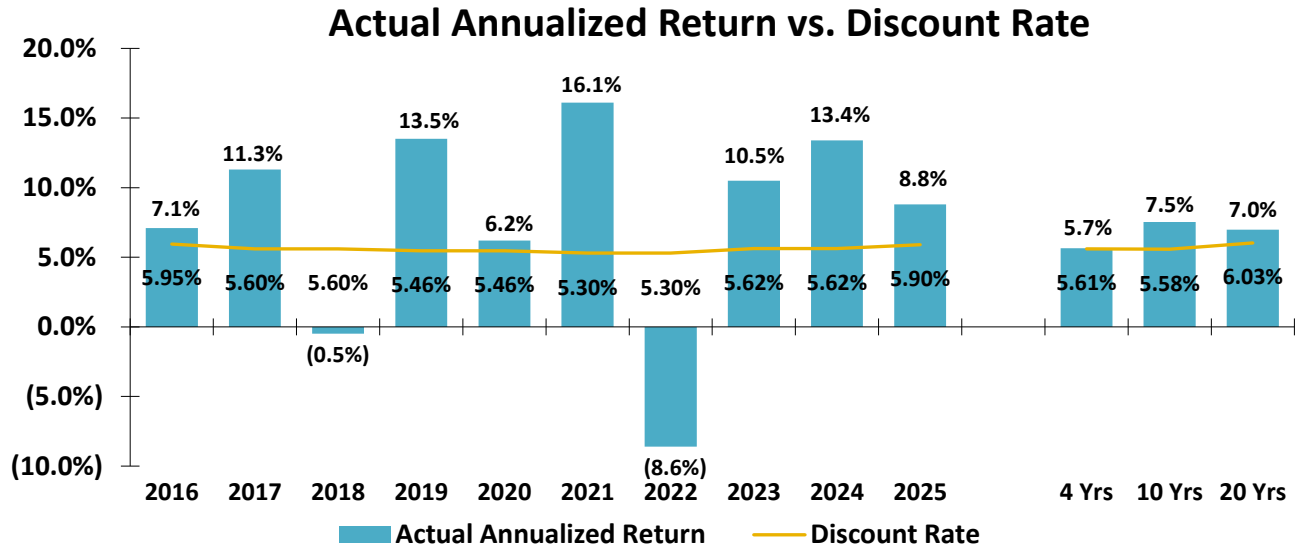
2025 UAPP Return vs. Major Indices and CPI (\$CAD)



Approximately 50.2% (2024: 51.9%) of the Plan’s investments are denominated in Canadian dollars, 29.9% (2024: 29.6%) denominated in United States dollars, with the remaining 19.9% (2024: 18.5%) in several other currencies. The stronger Canadian dollar in relation to the U.S. dollar had a negative impact on the value of USD-denominated investments held by the Plan as CAD went from \$1.42 at the beginning of 2025 to \$1.40 at the end of December.

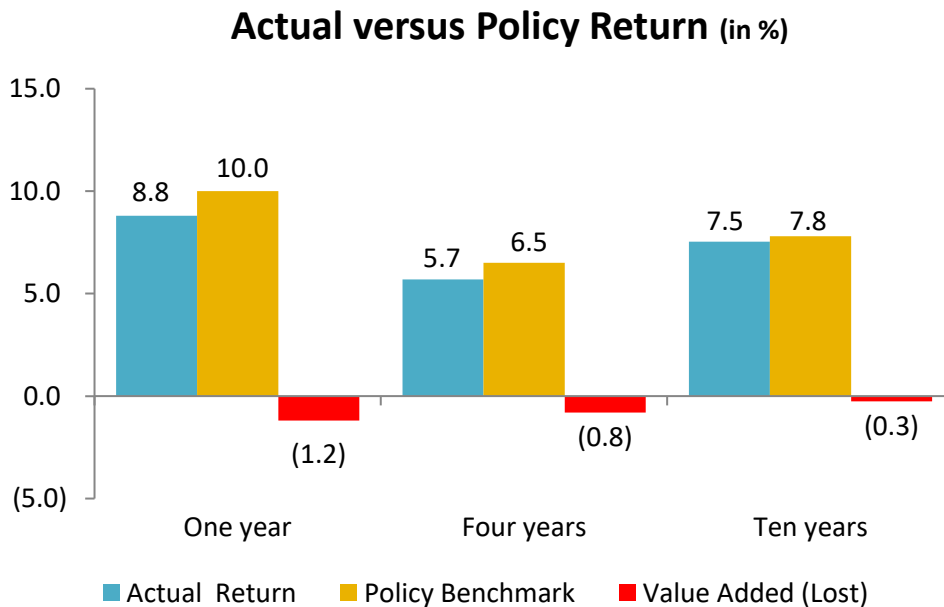


The following chart compares the Plan’s actual return over one year and annualized returns over four, ten, and twenty years against the Plan’s actuarial discount rate for funding purposes. The Plan’s actual investment return exceeded the long-term return objective for funding purposes.



Actual versus Policy Return

As described in the Plan’s SIP&G, the Board has set a performance goal based on the expectation that investment management will add 0.5% per annum over a four-year period beyond the passively managed market-based policy benchmark. Over a four-year period, the UAPP Fund has returned 5.7% annually, trailing the benchmark by 0.8%, largely due to the poor performance of 2022.



PERFORMANCE BY ASSET CLASS (includes cash and invested assets)

Fixed Income

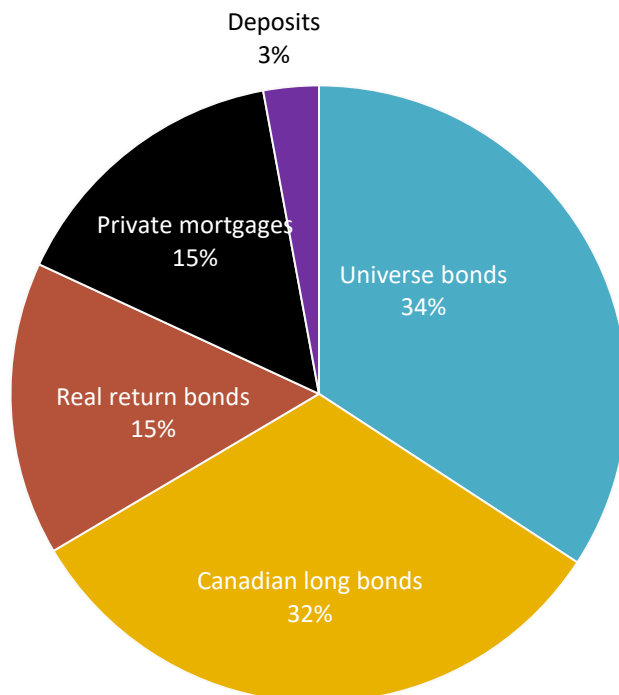
At December 31, 2025, fixed income holdings comprise 31.5% of the Plan’s total investments or \$2,482.3 million (2024: 31.6% or \$2,320.4 million). The Canadian long bond portfolio and universe bond portfolio are managed by Beutel, Goodman & Company Ltd. and Fiera Capital Corporation. AIMCo manages private mortgages and real return bonds.

In 2025, the Plan’s total fixed income securities gained 2.0% (2024: 3.8%), outperforming against the combined benchmark by 0.4% (2024: 0.4%). Over the past four years, the Plan’s total fixed income securities lost 0.8% (2024: (1.7%)) on an annualized basis but outperformed against the combined benchmark by 0.3% (2024: 0.2%).

	Actual Return %	Benchmark Index Combined Benchmark* %	Net Value Added %
Total Fixed Income			
One year	2.0	1.6	0.4
Four year	(0.8)	(1.1)	0.3

* The combined benchmark includes the FTSE Canada Long Bond Index, FTSE Canada Real Return Bond Index, FTSE Canada Universe Bond Index, and FTSE Canada 91-Day T-Bill Index.

Summary of Fixed Income Holdings (by pooled investment fund)



Universe Bonds

In 2025, the universe bond portfolio gained 3.3% (2024: 4.9%), outperforming against the benchmark by 0.7% (2024: 0.7%). Over the past four years, the Plan's universe bond portfolio gained 0.6% (2024: (0.8%)) on an annualized basis outperforming the benchmark return by 0.4% (2024: 0.3%).

	Actual Return %	Benchmark Index <i>FTSE Universe Bond Index</i> %	Net Value Added (Lost) %
Universe Bonds			
One year	3.3	2.6	0.7
Four year	0.6	0.2	0.4

Private Mortgages

In 2025, the private mortgage portfolio gained 5.8% (2024: 6.3%), outperforming the benchmark by 1.1% (2024: 0.3%). Over the past four years, the private mortgage portfolio gained 2.8% (2024: 1.6%) on an annualized basis, outperforming the benchmark by 0.1% (2024: 0.3%).

	Actual Return %	Benchmark Index <i>FTSE 60%S-T/40%M-T Bond Index plus 0.75%</i> %	Net Value Added %
Mortgages			
One year	5.8	4.7	1.1
Four year	2.8	2.7	0.1

Long Bonds

In 2025, the long bond portfolio lost 0.4% (2024: 1.8%) but still outperformed the benchmark by 0.3% (2024: 0.5%). Over the past four years, the long bond portfolio lost 3.4% (2024: (4.3%)) on an annualized basis but still outperformed the benchmark by 0.3% (2024: 0.3%).

	Actual Return %	Benchmark Index <i>FTSE Long Bond Index</i> %	Net Value Added %
Long Bonds			
One year	(0.4)	(0.7)	0.3
Four year	(3.4)	(3.7)	0.3

Real Return Bonds

In 2025, the Plan's real return bond portfolio gained 1.0% (2024: 3.8%), outperforming the benchmark by 0.1% (2024: 0.1%). Over the past four years, the Plan's real return bond portfolio lost 2.0% (2024: (1.9%)) on an annualized basis, outperforming the benchmark by 0.2% (2024: 0.1%).

	Actual Return %	Benchmark Index FTSE Real Return Bond Index %	Net Value Added %
Real Return Bonds			
One year	1.0	0.9	0.1
Four year	(2.0)	(2.2)	0.2

Equities

As of December 31, 2025, equity holdings comprise 54.9% of the Plan's total investments or \$4,330.3 million (2024: 53.6% or \$3,935.5 million). The public equity portfolios are managed by Leith Wheeler (Canadian), Beutel Goodman, Connor, Clark & Lunn, and PineStone Asset Management (global), and North of South Capital (emerging markets). AIMCo manages the private equity portfolio.

In 2025, the Plan's total equity holdings gained 16.1% (2024: 17.6%), outperforming against the combined benchmark by 0.3% (2024: (4.1%)). Over the past four years, the Plan's total equity holdings gained 9.3% (2024: 10.7%) but underperformed against the combined benchmark by 0.6% (2024: 0.1%).

	Actual Return %	Benchmark Index Combined Benchmark*	Net Value Added %
Total Equities			
One year	16.1	15.8	0.3
Four year	9.3	9.9	(0.6)

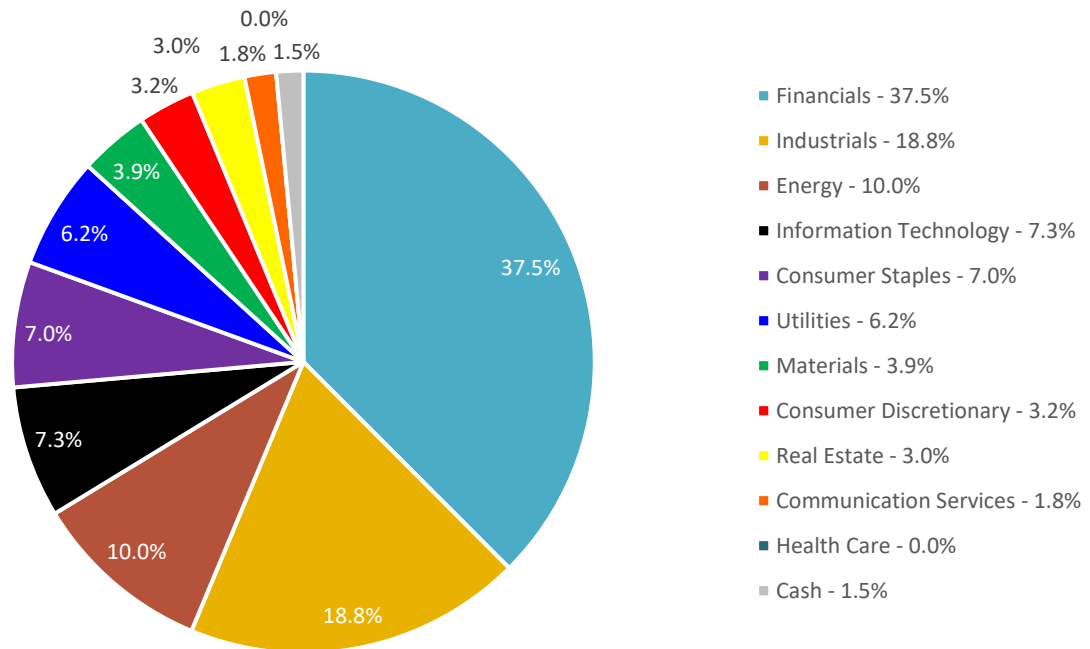
* The combined benchmark includes the S&P/TSX Composite Capped Index, MSCI World Index, MSCI Emerging Markets Index, and MSCI World Index plus 2%.

Canadian Public Equities

At December 31, 2025, Canadian public equities represented 4.3% of the Plan's total investments or \$339.3 million (2024: 3.9% or \$283.7 million). In 2025, the Canadian public equity portfolio gained 19.6% (2024: 9.9%), falling short of the index performance by 12.1% (2024: (11.7%)). Over the past four years, the Canadian public equity portfolio gained 8.4% (2024: 10.3%) on an annualized basis, underperforming the benchmark by 5.6% (2024: (2.2%)). The four year returns include periods when the portfolio was passively managed.

	Actual Return %	Benchmark Index S&P/TSX Composite %	Net Value (Lost) %
Canadian Public Equities			
One year	19.6	31.7	(12.1)
Four year	8.4	14.0	(5.6)

Canadian Public Equities Sector Exposure



Foreign Public Equities

As of December 31, 2025, foreign public equities accounted for 41.6% of UAPP's total investments or \$3,285.3 million (2024: 39.3% or \$2,883.5 million). UAPP's foreign public equity portfolio consists of global equities strategies actively managed by Beutel Goodman, Connor, Clark & Lunn, and PineStone, and an emerging markets equity strategy managed by North of South Capital.

In 2025, the foreign public equity portfolio gained 18.4% (2024: 19.6%) versus the benchmark gain of 10.2% (2024: 27.5%). Over the past four years, the Plan's foreign public equity portfolio gained 17.6% (2024: 10.5%) on an annualized basis, underperforming the benchmark by 1.4% (2024: (0.9%)). The four year returns include periods when the portfolio was passively managed.

	Actual Return %	Benchmark Index Combined Benchmark* %	Net Value Added (Lost) %
Total Foreign Public Equities			
One year	18.4	17.6	0.8
Four year	10.2	11.6	(1.4)

* Combined benchmark includes the MSCI World and MSCI Emerging Markets indices.

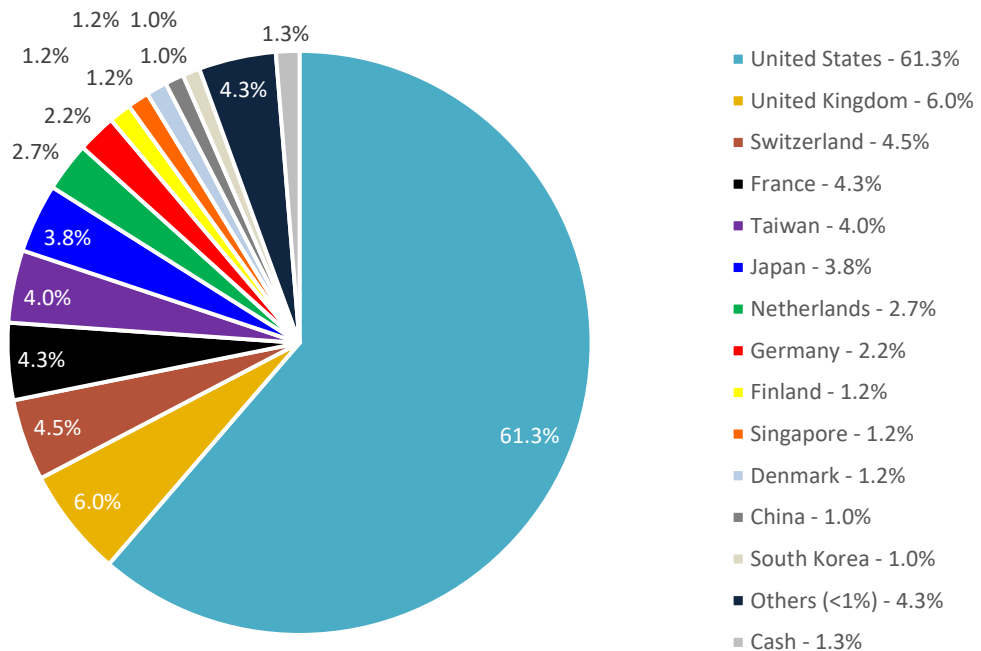
Global Public Equities

The Plan’s global public equity portfolio is invested across three actively managed funds which represent 82% (2024: 84%) of the total foreign public equities portfolio.

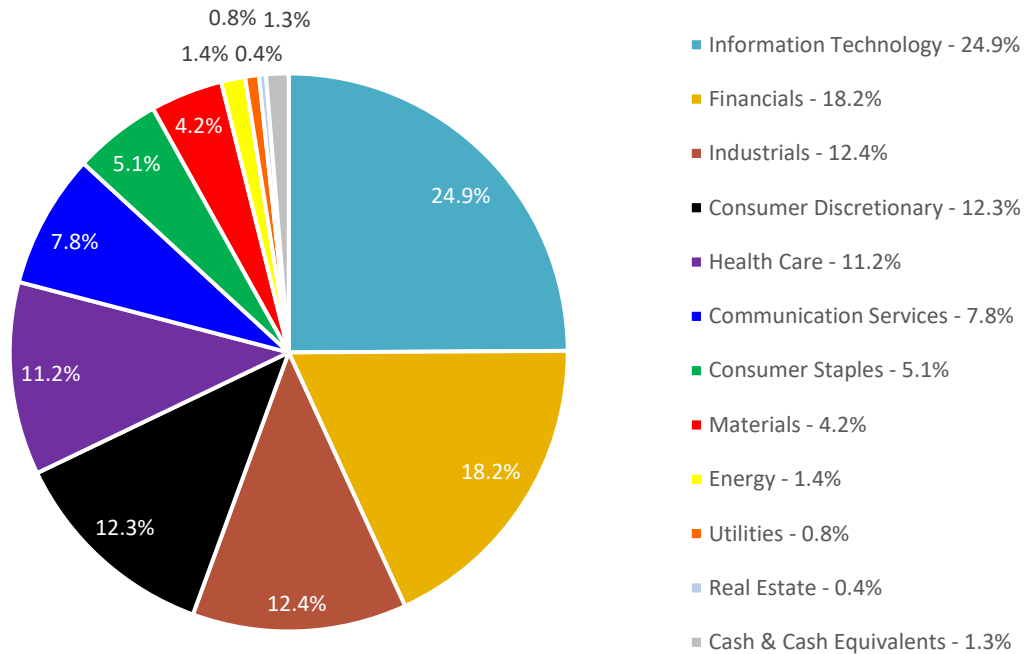
In 2025, UAPP’s public equity portfolio gained 15.1% (2024: 18.9%), underperforming the benchmark by 0.3% (2024: (10.5%)). Over the past four years, the Plan’s global public equity portfolio gained 9.9% (2024: 12.1%) on an annualized basis, underperforming the benchmark by 2.2% (2024: (1.3%)).

Global Public Equities	Actual Return %	Benchmark Index MSCI World Index %	Net Value Added (Lost) %
One year	15.1	15.4	(0.3)
Four year	9.9	12.1	(2.2)

Global Public Equities Country Exposure



Global Public Equities Sector Exposure



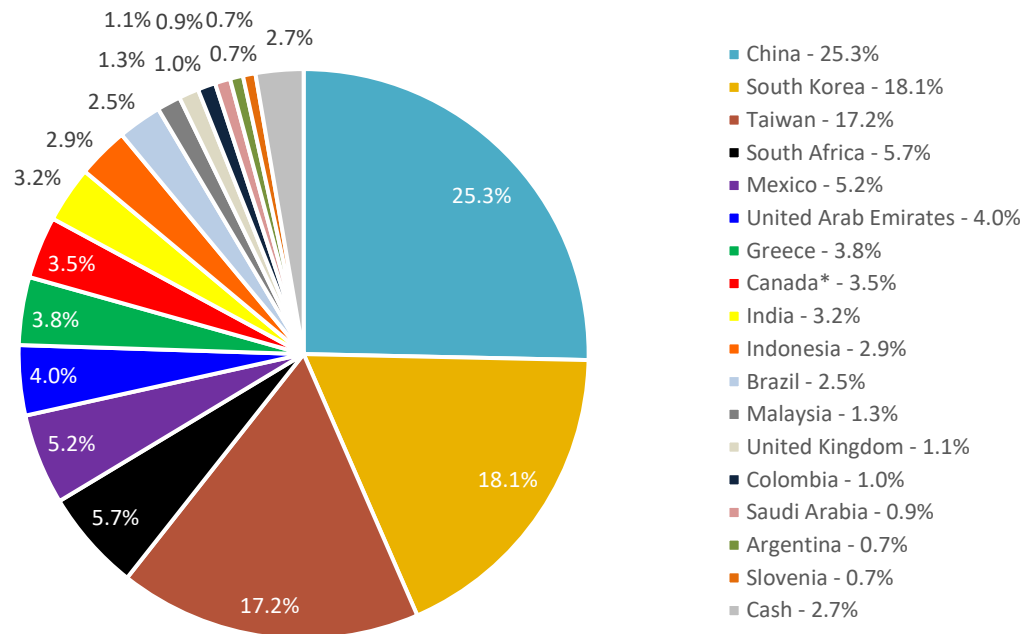
Emerging Markets Public Equities

The Plan's emerging markets public equity portfolio is invested in units of a pooled fund actively managed by North of South Capital. Approximately 18% (2024: 16%) of UAPP's overall foreign public equity portfolio is invested in this fund.

In 2025, the Plan's emerging markets public equities portfolio gained 33.1% (2024: 23.5%), exceeding the benchmark by 5.8% (2024: 6.2%). Over the past four years, the Plan's emerging markets public equity portfolio gained 10.7% (2024: 2.4%) on an annualized basis, outperforming the benchmark by 2.6% (2024: 1.5%).

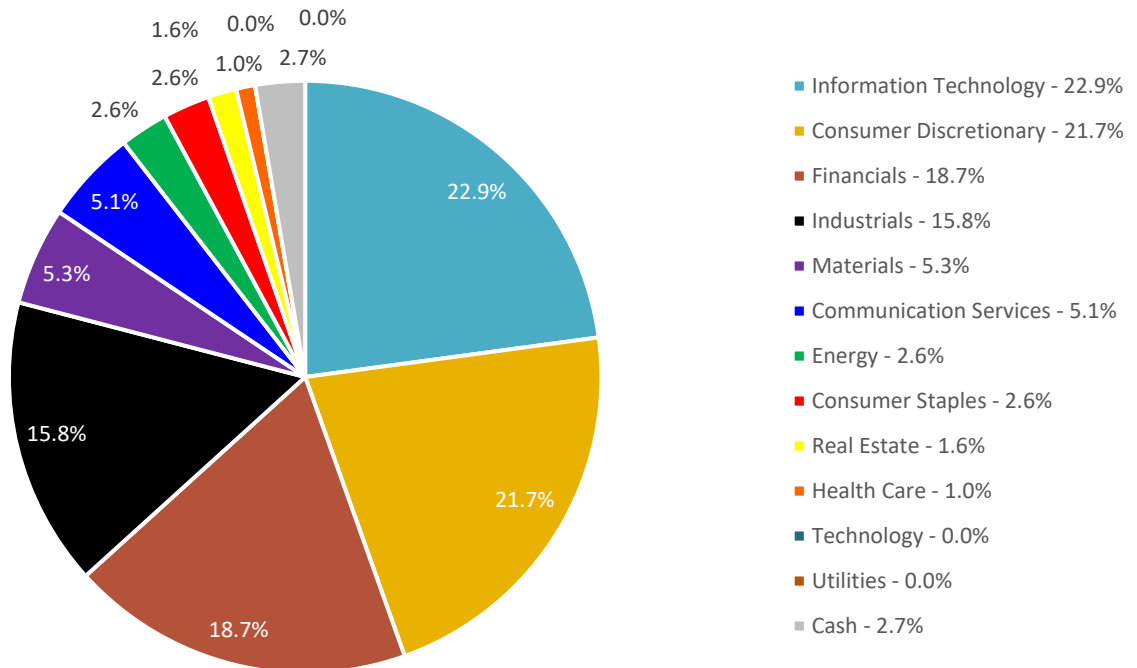
	Actual Return %	Benchmark Index MSCI Emerging Markets Index %	Net Value Added (Lost) %
Emerging Markets Public Equities			
One year	33.1	27.3	5.8
Four year	10.7	8.1	2.6

Emerging Markets Public Equities Country Exposure



* Canada holdings are three mining companies operating in Latin America but listed in Canada

Emerging Markets Public Equities Sector Exposure



Private Equities

The private equity portfolio includes investments in institutionally sponsored international private equity pools managed by experienced external investment advisors with proven track records and co-investments with private equity managers. As of December 31, 2025, private equity represented 8.9% of the portfolio or \$705.7 million (2024: 10.5% or \$768.2 million). In 2025, private equity gained 3.8% (2024: 13.1%), underperforming the benchmark by 13.9% (2024: 4.7%). Over the past four years, private equity returned 5.3% (2024: 19.9%) on an annualized basis, underperforming the benchmark by 6.9% (2024: 9.3%).

	Actual Return %	Benchmark Index MSCI World Index plus 2% %	Net Value Added (Lost) %
Private Equity			
One year	3.8	17.7	(13.9)
Four year	5.3	12.2	(6.9)

Alternative Investments

Alternative investments include real estate, infrastructure, and timberland investments, all managed by AIMCo. As of December 31, 2025, alternative investments accounted for 13.5% of the portfolio or \$1,065.7 million (2024: 14.7% or \$1,076.4 million). In 2025, alternative investments lost 0.3% (2024: 7.1%), underperforming the benchmark by 3.6% (2024: 2.0%). Over the past four years, alternative investments returned 4.7% (2024: 14.7%) on an annualized basis, trailing the benchmark by 0.1% (2024: 8.3%).

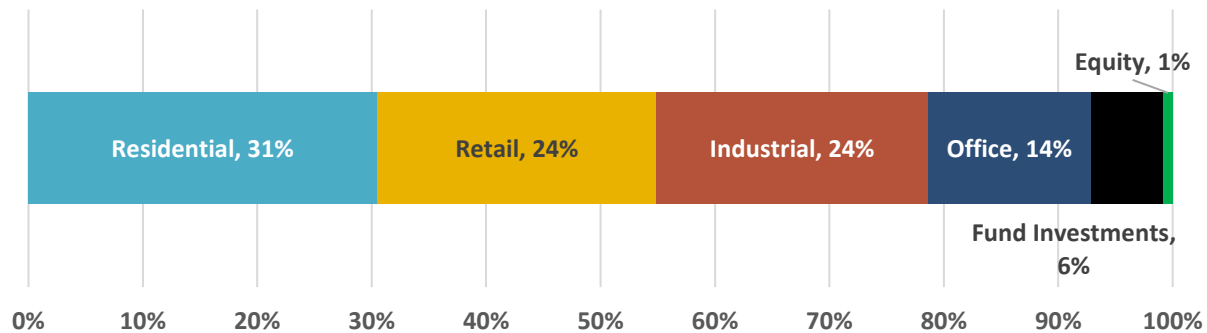
	Actual Return %	Benchmark Index Combined Benchmark*	Net Value Added (Lost) %
Total Alternative Investments			
One year	(0.3)	3.3	(3.6)
Four year	4.7	4.8	(0.1)

* Combined benchmark includes MSCI/REALpac Canadian All Property Index, CPI + 6% and CPI + 4%

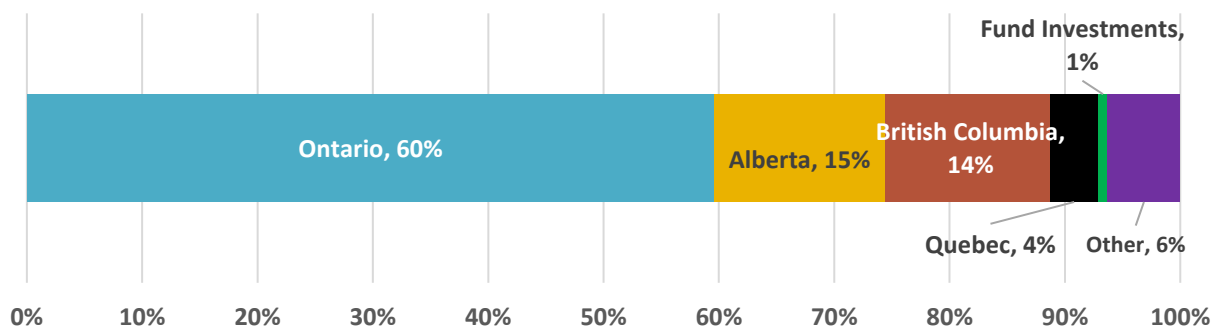
Real Estate

As of December 31, 2025, real estate investments accounted for 6.9% of the Plan's total investments or \$541.9 million (2024: 7.2% or \$528.7 million). UAPP invests in AIMCo's Private Real Estate Pool which primarily includes a mix of residential, retail, industrial, and office properties located largely in Ontario, Alberta, British Columbia, and Quebec.

Real Estate by Sector at December 31, 2025



Real Estate by Province at December 31, 2025



In 2025, the Plan's real estate portfolio lost 1.7% (2024: 0.1%), underperforming the benchmark by 0.3% (2024: (2.3%)). Over the past four years, the Plan's real estate portfolio gained 0.2% (2024: 4.0%) on an annualized basis, underperforming the benchmark by 0.3% (2024: 1.4%).

	Actual Return %	Benchmark Index MSCI/REALpac All Property Index %	Net Value Added (Lost) %
Real Estate			
One year	(1.7)	(1.4)	(0.3)
Four year	0.2	0.5	(0.3)

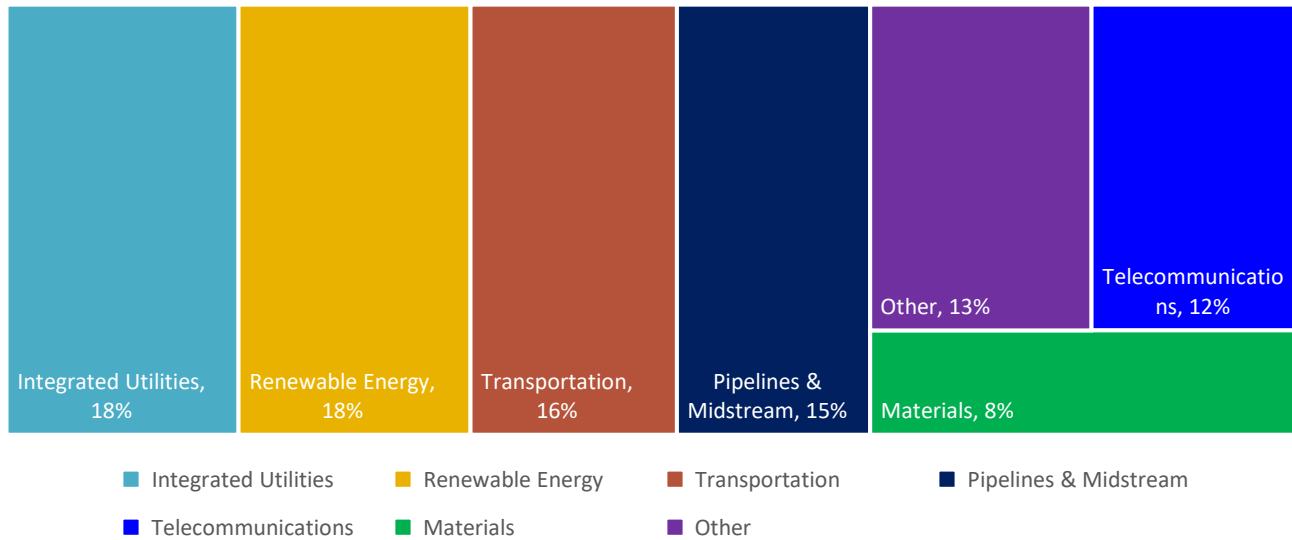
Private Infrastructure

As of December 31, 2025, infrastructure investments represented 6.1% of total Plan investments or \$481.0 million (2024: 6.8% or \$502.8 million). Investments include investments across various sectors such as integrated utilities, renewable energy, transportation, pipelines and midstream, telecommunications, and materials.

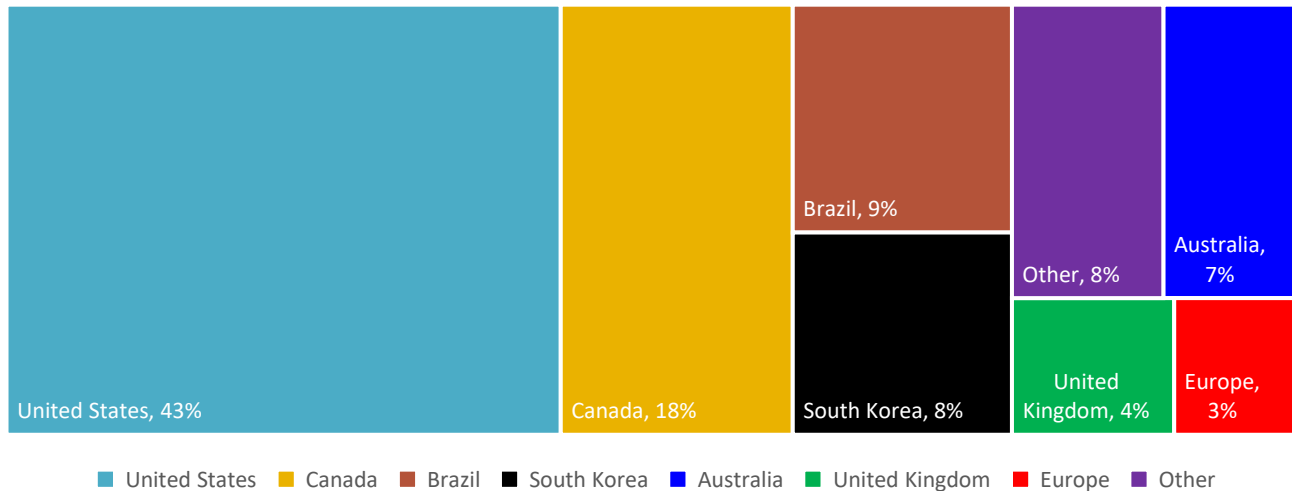
In 2025, infrastructure investments gained 1.7% (2024: 14.7%), underperforming the benchmark by 6.6% (2024: 6.8%). Over the past four years, the Plan's infrastructure portfolio gained 9.3% (2024: 15.4%) on an annualized basis, underperforming the benchmark by 0.2% (2024: 5.3%).

Infrastructure	Actual Return %	Benchmark Index Consumer Price Index (CPI) plus 6% %	Net Value Added %
One year	1.7	8.3	(6.6)
Four year	9.3	9.5	(0.2)

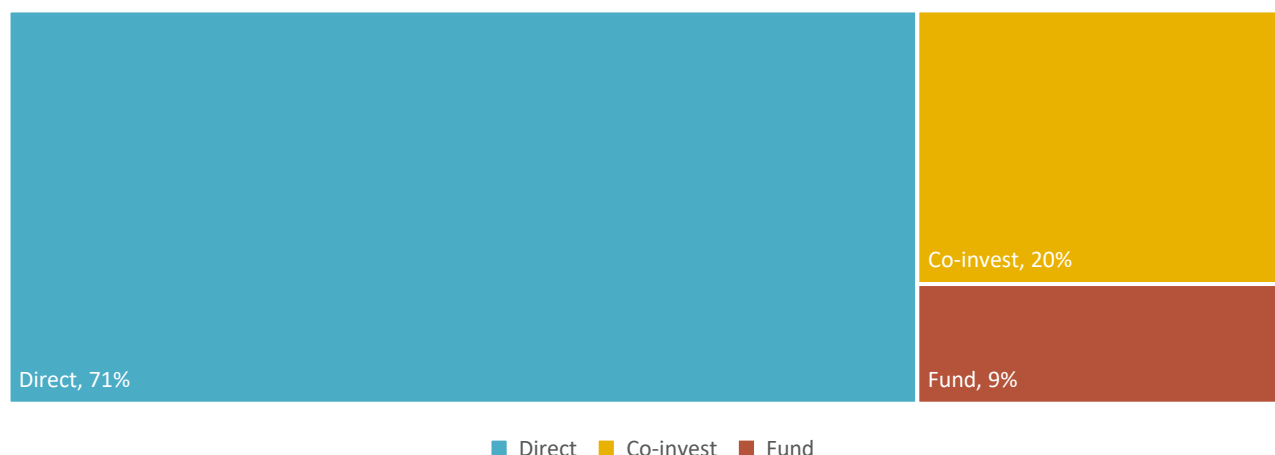
Infrastructure by Sector at December 31, 2025



Infrastructure by Geography at December 31, 2025



Infrastructure by Investment Format at December 31, 2025



Timberland

As of December 31, 2025, UAPP's timberland investments comprised 0.5% of total Plan investments or \$42.8 million (2024: 0.6% or \$44.9 million). The portfolio consists of timberland investments in Australia, New Zealand, and Latin America.

In 2025, the portfolio lost 4.7% (2024: 3.2%), underperforming against the benchmark by 11.0% (2024: (2.7%)). Over the past four years, the timberland portfolio gained 7.3% (2024: 13.9%) on an annualized basis, underperforming the benchmark by 0.2% (2024: 5.8%).

	Actual Return %	Benchmark Index Consumer Price Index (CPI) plus 4% %	Net Value Added (Lost) %
Timberland			
One year	(4.7)	6.3	(11.0)
Four year	7.3	7.5	(0.2)

Strategic Opportunities Pool

On December 31, 2025, the Strategic Opportunities Pool managed by AIMCo comprised 0.1% of the total Plan portfolio, or \$8.6 million (2024: 0.2% or \$12.7 million). AIMCo's Strategic Opportunities Pool consists of fund investments in Brazil and Colombia. In 2025, the Strategic Opportunities Pool lost 1.1% (2024: 1.7%). Over the past four years, the Strategic Opportunities Pool lost 2.4% (2024: (2.8%)) on an annualized basis.

Table of Investment Returns (includes cash and invested assets)

	December 31, 2025		Annual Returns				
	Investments (in millions)	Asset Mix (%)	2025 %	2024 %	2023 %	2022 %	Annualized 4 yr %
Total Fund	\$ 7,887.0	100.0%	8.8	13.4	10.5	(8.6)	5.7
Policy Return			10.0	13.9	11.1	(7.5)	6.5
Value Added (Lost) from Active Management			(1.2)	(0.5)	(0.6)	(1.1)	(0.8)
Consumer Price Index			2.3	1.9	3.1	6.8	3.5
Total Fixed Income	\$ 2,482.3	31.5%	2.0	3.8	6.9	(14.5)	(0.8)
Combined Benchmarks			1.6	3.4	6.8	(14.6)	(1.1)
Short-term Fixed Income	72.4	0.9%	5.0	5.4	4.9	1.9	4.3
FTSE Canada 91-Day T-Bill Index			2.8	4.9	4.7	1.8	3.5
Universe Bonds	848.5	10.8%	3.3	4.9	7.2	(11.8)	0.6
FTSE Canada Universe Bond Index			2.6	4.2	6.7	(11.7)	0.2
Private Mortgages	377.4	4.8%	5.8	6.3	4.5	(5.0)	2.8
FTSE Canada 60% Short-Term/40% Mid-Term plus 0.75%			4.7	6.0	6.3	(5.8)	2.7
Long Duration Bonds	801.7	10.2%	(0.4)	1.8	10.0	(21.8)	(3.4)
FTSE Canada Long-Term Overall Bond Index			(0.7)	1.3	9.5	(21.8)	(3.7)
Real Return Bonds	382.3	4.8%	1.0	3.8	2.4	(14.2)	(2.0)
FTSE Canada Real Return Bond Index			0.9	3.7	2.0	(14.3)	(2.2)
Total Equities	\$ 4,330.3	54.9%	16.1	17.6	16.5	(10.3)	9.3
Combined Benchmark			15.8	21.7	14.0	(9.3)	9.9
Total Canadian Public Equities	339.3	4.3%	19.6	9.9	11.7	(5.9)	8.4
S&P/TSX Composite Capped Index			31.7	21.6	11.8	(5.8)	14.0
Foreign Public Equities			18.4	19.6	18.7	(12.3)	10.2
MSCI World Index and MSCI Emerging Markets Index			17.6	27.5	18.4	(12.5)	11.6
Global Equities	2,683.2	34.1%	15.1	18.9	20.9	(11.9)	9.9
MSCI World Index			15.4	29.4	20.5	(12.2)	12.1
Emerging Markets	602.1	7.6%	33.1	23.5	6.7	(14.3)	10.7
MSCI Emerging Markets Index			27.3	17.3	6.9	(14.3)	8.1
Private Equity	705.7	8.9%	3.8	13.1	10.9	(5.4)	5.3
MSCI World Index plus 2%			17.7	8.4	9.6	13.3	12.2
Alternative Investments	\$ 1,065.7	13.5%	(0.3)	7.1	(0.2)	12.6	4.7
Combined Benchmark			3.3	5.1	4.4	6.5	4.8
Real Estate	541.9	6.9%	(1.7)	0.1	(4.7)	7.3	0.2
MSCI/REALpac Canadian All Property Index			(1.4)	2.4	0.0	1.2	0.5
Infrastructure	481.0	6.1%	1.7	14.7	5.0	16.5	9.3
CPI plus 6%			8.3	7.9	9.1	12.8	9.5
Timberland	42.8	0.5%	(4.7)	3.2	(1.7)	37.3	7.3
CPI plus 4%			6.3	5.9	7.1	10.8	7.5
Strategic Opportunities	\$ 8.6	0.1%	(1.1)	1.7	15.1	(21.5)	(2.4)



ADMINISTRATION REPORT

The Board of Trustees for the Universities Academic Pension Plan is responsible for the ongoing operation and administration of the pension plan, including the collection of relevant member data and contributions, the calculation and payment of pension benefits, and the communication of pension information to plan members and employers. The 2025 results in these areas are as follows:

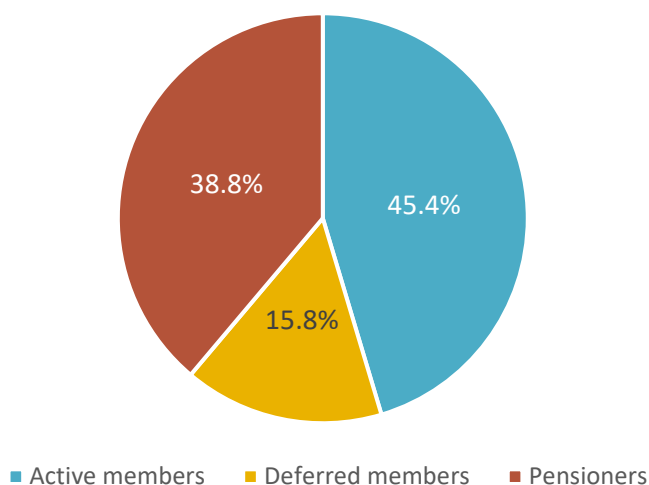
MEMBERSHIP

There are three types of members currently in the UAPP:

- Active members are those currently employed by a participating employer in a UAPP-eligible position.
- Deferred members are those who have terminated employment and have accrued benefits remaining in the plan but have not yet withdrawn their entitlement nor commenced receiving a monthly pension.
- Pensioners are those who have commenced receiving a monthly pension, including surviving spouses.

Participation	2025	2024
Active members	8,552	8,392
Deferred members	2,974	2,959
Pensioners	7,320	7,144
TOTAL	18,846	18,495

Membership Distribution by Group



Active members represent 45.4% of the total membership, pensioners make up 38.8%, and deferred members account for the remaining 15.8%. This results in an active-to-pensioner ratio of 1.17 to 1.

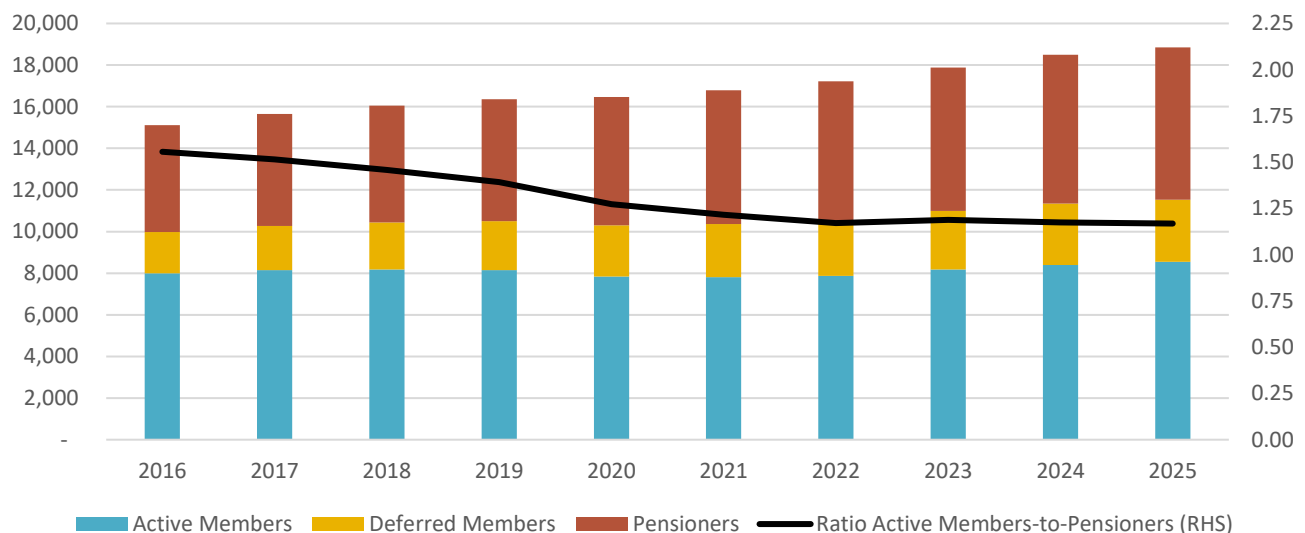
Membership Participation Annual Growth Rates			
Member Group	Active Members	Deferred Members	Pensioners
2016	2.7%	6.9%	3.6%
2017	2.0%	6.9%	4.7%
2018	0.2%	7.5%	4.1%
2019	-0.3%	3.5%	4.4%
2020	-3.9%	4.8%	5.2%
2021	-0.3%	3.5%	4.3%
2022	0.7%	3.1%	4.6%
2023	4.0%	7.1%	2.5%
2024	2.6%	5.0%	3.7%
2025	1.9%	0.5%	2.5%

Active membership in UAPP increased 1.9% during the year to 8,552 members at December 31, 2025 from 8,392 members at December 31, 2024.

The number of retired members and surviving spouses of pensioners receiving a pension from UAPP increased to 7,320 at December 31, 2025, from 7,144 at the end of 2024, representing an increase of 2.5% during the year. The retired membership total has grown by 47.6% over the past ten years, from 4,960 at December 31, 2015. The number of deferred members who continue to have funds in the Plan increased from 2,959 at December 31, 2024 to 2,974 at December 31, 2025.

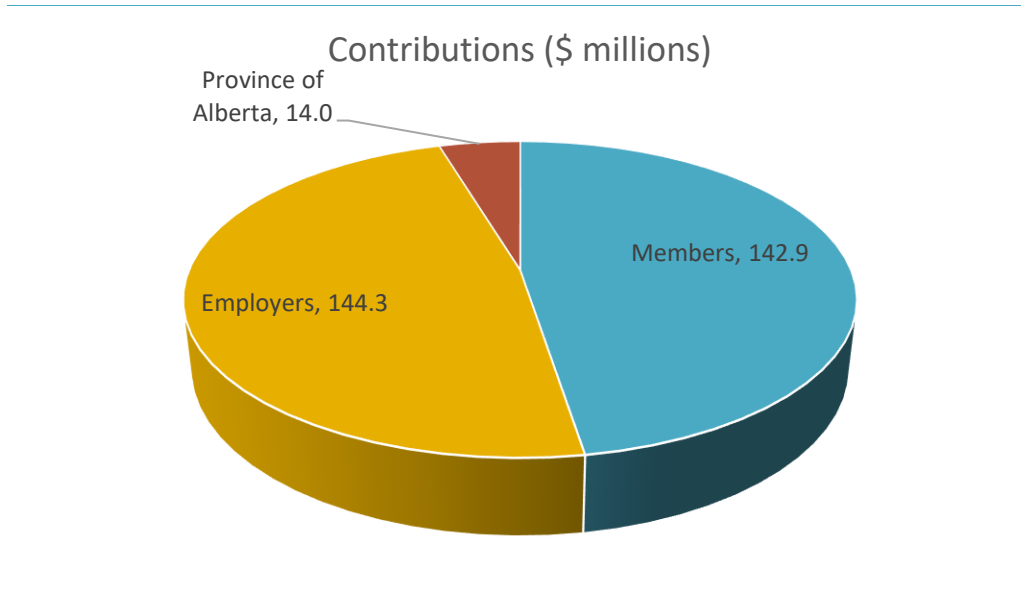
Monthly Payment Distribution at December 31, 2025	
Dollar Value (\$) Per Month	Pensioners
1 to 999	1,276
1,000 to 1,999	1,065
2,000 to 2,999	905
3,000 to 3,999	821
4,000 to 4,999	821
5,000 to 5,999	704
6,000 to 6,999	607
7,000 to 7,999	424
8,000 to 8,999	318
9,000 to 9,999	211
10,000 and over	168
TOTAL	7,320

Size of Membership by Group

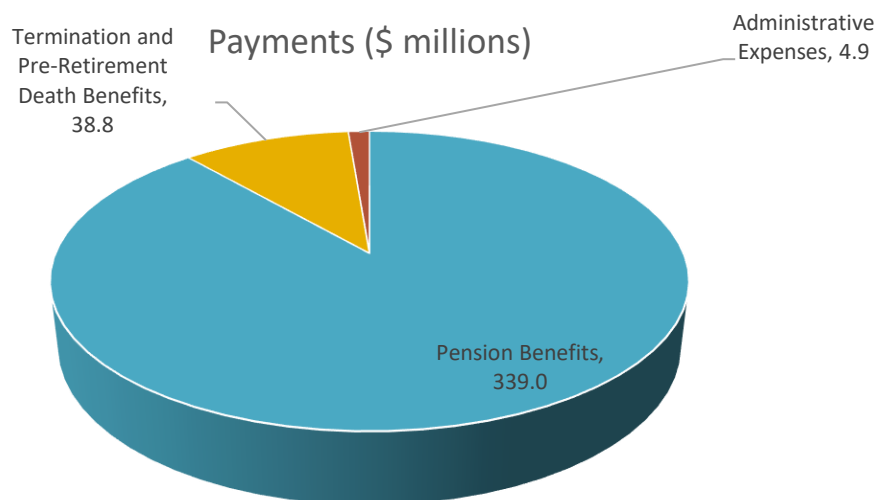


CASH FLOW

Contributions received from employers, members, and the Province of Alberta increased by 5.6% from 2024 (\$285.2 million) to 2025 (\$301.2 million). In 2025, the Plan experienced the highest year-over-year contribution growth since 2016 due primarily to an increase in the number of contributing members.



Total pension payments rose by 4.2% during 2025 to \$339.0 million from \$325.4 million in 2024. Pensioners received a cost-of-living increase of 1.74% effective January 1, 2025. Lump sum payments for terminations and pre-retirement death benefits to or on behalf of former UAPP members were \$38.8 million for 2025 (2024: \$26.4 million), a significant 47.0% increase year-over-year due to the sizable jump in the number of members who withdrew their funds during 2025. The Plan's administrative expenses were \$4.9 million during 2025 (\$262 per member), a 63.3% increase from 2024 (\$3.0 million, \$163 per member) due primarily to the costs associated with the implementation of the Pension Administration Transformation Project.



TEN-YEAR FINANCIAL AND MEMBERSHIP REVIEW

Financial Position (\$ millions)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fair Value of Net Assets	\$7,910.2	\$7,364.2	\$6,576.2	\$6,014.1	\$6,655.1	\$5,778.3	\$5,477.3	\$4,830.9	\$4,851.1	\$4,349.3
Actuarial Adjustment	<u>(\$298.3)</u>	<u>(\$426.3)</u>	<u>\$132.8</u>	<u>\$398.5</u>	<u>(\$421.3)</u>	<u>(\$152.3)</u>	<u>(\$147.2)</u>	<u>\$116.7</u>	<u>(\$173.7)</u>	<u>(\$48.0)</u>
Actuarial Value of Assets	\$7,611.9	\$6,937.9	\$6,709.0	\$6,412.6	\$6,233.8	\$5,626.0	\$5,330.1	\$4,947.6	\$4,677.4	\$4,301.3
Accrued Pension Liability	<u>\$7,391.2</u>	<u>\$7,393.1</u>	<u>\$7,106.5</u>	<u>\$7,056.7</u>	<u>\$6,733.8</u>	<u>\$6,402.7</u>	<u>\$6,178.6</u>	<u>\$5,868.3</u>	<u>\$5,626.8</u>	<u>\$5,174.1</u>
Actuarial Surplus (Deficit)	\$220.7	(\$455.2)	(\$397.5)	(\$644.1)	(\$500.0)	(\$776.7)	(\$848.5)	(\$920.7)	(\$949.4)	(\$872.8)
Funded Ratio	103.0%	93.8%	94.4%	90.9%	92.6%	87.9%	86.3%	84.3%	83.1%	83.1%
Pre-1992 Period Only										
Fair Value of Net Assets	\$368.5	\$403.3	\$427.2	\$464.3	\$597.6	\$596.5	\$647.8	\$655.8	\$744.8	\$750.4
Actuarial Adjustment	<u>(\$19.0)</u>	<u>(\$28.8)</u>	<u>\$11.6</u>	<u>\$28.8</u>	<u>(\$43.2)</u>	<u>(\$22.3)</u>	<u>(\$20.6)</u>	<u>\$11.8</u>	<u>(\$31.9)</u>	<u>(\$11.1)</u>
Actuarial Value of Assets	\$349.5	\$374.5	\$438.8	\$493.1	\$554.4	\$574.2	\$627.2	\$667.6	\$712.9	\$739.3
Accrued Pension Liability	<u>\$1,198.2</u>	<u>\$1,288.8</u>	<u>\$1,342.3</u>	<u>\$1,359.2</u>	<u>\$1,389.1</u>	<u>\$1,415.3</u>	<u>\$1,478.8</u>	<u>\$1,498.7</u>	<u>\$1,547.5</u>	<u>\$1,577.7</u>
Actuarial Surplus (Deficit)	(\$848.7)	(\$914.3)	(\$903.5)	(\$866.1)	(\$834.7)	(\$841.1)	(\$851.6)	(\$831.1)	(\$834.6)	(\$838.4)
Funded Ratio	29.2%	29.1%	32.7%	36.3%	39.9%	40.6%	42.4%	44.5%	46.1%	46.9%
Post-1991 Period Only										
Fair Value of Net Assets	\$7,541.7	\$6,960.9	\$6,149.0	\$5,549.8	\$6,057.5	\$5,181.8	\$4,829.5	\$4,175.1	\$4,106.3	\$3,598.9
Actuarial Adjustment	<u>(\$279.3)</u>	<u>(\$397.5)</u>	<u>\$121.2</u>	<u>\$369.7</u>	<u>(\$378.1)</u>	<u>(\$130.0)</u>	<u>(\$126.6)</u>	<u>\$104.9</u>	<u>(\$141.8)</u>	<u>(\$36.9)</u>
Actuarial Value of Assets	\$7,262.4	\$6,563.4	\$6,270.2	\$5,919.5	\$5,679.4	\$5,051.8	\$4,702.9	\$4,280.0	\$3,964.5	\$3,562.0
Accrued Pension Liability	<u>\$6,193.0</u>	<u>\$6,104.3</u>	<u>\$5,764.2</u>	<u>\$5,697.5</u>	<u>\$5,344.7</u>	<u>\$4,987.4</u>	<u>\$4,699.8</u>	<u>\$4,369.6</u>	<u>\$4,079.3</u>	<u>\$3,596.4</u>
Actuarial Surplus (Deficit)	\$1,069.4	\$459.1	\$506.0	\$222.0	\$334.7	\$64.4	\$3.1	(\$89.6)	(\$114.8)	(\$34.4)
Funded Ratio	117.3%	107.5%	108.8%	103.9%	106.3%	101.3%	100.1%	97.9%	97.2%	99.0%
Contributions	\$301.2	\$285.2	\$271.2	\$270.9	\$275.5	\$279.1	\$282.3	\$280.2	\$272.5	\$259.4
Benefit Payments	\$377.7	\$351.8	\$336.2	\$339.0	\$319.6	\$305.8	\$282.3	\$272.3	\$253.1	\$236.3
Administrative Expenses	\$4.9	\$3.0	\$3.0	\$2.6	\$2.5	\$2.3	\$2.2	\$2.2	\$2.1	\$2.2
Investment Expenses	\$39.6	\$33.0	\$25.7	\$19.7	\$22.3	\$28.1	\$29.9	\$23.5	\$21.0	\$10.7
Total Return on Investments	8.8%	13.4%	10.5%	(8.6%)	16.1%	6.2%	13.5%	(0.5%)	11.3%	7.1%
Discount Rate	5.90%	5.62%	5.62%	5.30%	5.30%	5.46%	5.46%	5.60%	5.60%	5.95%
January 1 Cost-of-Living Adjustment	1.74%	2.34%	3.72%	1.56%	0.78%	1.02%	1.50%	0.78%	0.78%	0.72%
Plan Members										
Active Members	8,552	8,392	8,179	7,868	7,814	7,837	8,151	8,172	8,153	7,997
Deferred Members	2,974	2,959	2,819	2,631	2,551	2,465	2,352	2,273	2,114	1,977
Pensioners	<u>7,320</u>	<u>7,144</u>	<u>6,886</u>	<u>6,720</u>	<u>6,424</u>	<u>6,158</u>	<u>5,851</u>	<u>5,602</u>	<u>5,380</u>	<u>5,138</u>
Total	18,846	18,495	17,884	17,219	16,789	16,460	16,354	16,047	15,647	15,112
Average Age (Active)	49.1	49.0	49.1	49.3	49.4	49.4	49.1	48.9	48.8	48.8
Average Service (Active)	10.0	10.0	10.2	10.7	10.4	10.0	9.8	9.7	9.6	9.6
Average Capped Salary	\$127,335	\$129,550	\$122,932	\$121,624	\$120,128	\$118,728	\$117,186	\$116,839	\$115,241	\$114,079
Average Age (Pensioners)	76.5	75.2	75.0	74.6	74.5	74.3	74.2	74.0	73.8	73.5
Average Annual Pension	\$45,942	\$46,125	\$45,587	\$45,143	\$44,430	\$44,823	\$44,763	\$44,426	\$44,465	\$44,782

SERVICE TO MEMBERS

Management remains committed to delivering high-quality pension services to our members. We have established service standards with our providers and continuously monitor performance to ensure service excellence.

The 2025 service standard results of direct relevance to members are summarized below:

Responsibilities	Service Level Standards	2025 Results
Time to answer calls	80% of calls answered within 20 seconds with a call abandonment rate below 5%	95.2% of calls answered within 20 seconds with a call abandonment rate of 1.1%
Escalated calls and voice mails	Answered within 1 business day	100.0% of calls answered within 1 business day
Emails	Answered within 2 business days	88.5% of emails answered within 2 business days
Written enquiries	Answered within 5 business days	100.0% of written enquiries answered within 5 business days
Statement of options on termination	5 business days from receipt of all required information	20.7% of options on termination issued within 5 business days from receipt of all required information
Statement of options on retirement	5 business days from receipt of all required information	45.5% of options on retirement issued within 5 business days from receipt of all required information
Statement of options on death	5 business days from receipt of all required information	36.2% of options on death issued within 5 business days from receipt of all required information
FPO* estimate requests	5 business days from receipt of all required information	20.0% of FPO estimates issued within 5 business days from receipt of all required information
FPO* final calculations	10 business days from receipt of all required information	16.7% of FPO final calculations issued within 10 business days from receipt of all required information
FPO* payment authorization	3 business days from receipt of all required information	52.4% of all FPO payment authorizations issued within 3 business days from receipt of all required information

* Family Property Order

TELUS Health (formerly Gallagher; formerly Buck) have been providing pension administration services to UAPP since 2003 and will continue to do so until April 2026.

2025-IN-REVIEW HIGHLIGHTS

- ▣ The **2025 Member Handbook** was completed and published on our website in February 2025.
- ▣ The **quarterly Communiqué** was updated and released throughout the year, providing ongoing information to members and employers on UAPP and pension-related topics.
- ▣ **Virtual member information sessions** were held during the year, enabling hundreds of members to participate and strengthening overall understanding of the pension plan.
- ▣ The **UAPP website** received approximately **79,600 visits** during the year, an **11.2% increase** over 2024. In addition to the homepage, the most frequently accessed sections included: *Contact Us, Publications, Forms, Frequently Asked Questions, Annual Report, Information Sheets, News, Member Handbook, Communiqués, and Contribution Rates.*
- ▣ Members used the **Retirement Planner** more than 12,500 times in 2025, a 9.5% decrease from 2024. The **UAPP Administration Centre helpline** received nearly 4,300 calls, a 7.6% decrease from 2024.
- ▣ Significant progress was made through major project work and the achievement of key milestones within the **Pension Administration Transformation Project**.

- ▣ The **UAPP Trustees’ Office** welcomed new team members in 2025 to support the Pension Administration Transformation Project.
- ▣ **Weekly employer meetings** were conducted to review updated requirements and support testing of the new system.

THE YEAR AHEAD

This year, UAPP achieved important milestones in strengthening our service delivery and operations through the ongoing implementation of a new pension administration solution. We firmly believe this advancement will enhance the overall member and employer experience.

In alignment with our transformation focus “Change That Moves Us Forward”, we are pleased to share that meaningful improvements are underway to transform how members access their pension information. In partnership with Willis Towers Watson (WTW), a global leader in retirement administration, we are introducing a modernized solution designed to elevate the quality and consistency of services provided to members. UAPP will also be supported by a dedicated in-house team focused on pension administration activities.

Effective **May 4, 2026**, members will benefit from an improved online experience, including a new retirement planning tool and strengthened service delivery.

WHAT IS CHANGING?

▣ **Enhanced Employee Self-Service (ESS) Online Platform**

UAPP will introduce a redesigned Employee Self-Service (ESS) tool that will be available 24/7 and accessible on all device types, including desktop, laptop, and mobile. The ESS platform will be available to all members, active and inactive, and will provide the following capabilities:

- Update personal contact information.
- Submit messages and documents through a secure digital messaging system, eliminating reliance on mailed submissions.
- Complete spousal declarations and beneficiary designations through an online form, with secure digital submission upon signing.
- Obtain annual Member Statement for all members, not just active members.
- Conduct side-by-side comparisons of up to three potential retirement dates or ages.
- Integrate retirement income projections from external sources, including other pension plans, registered retirement vehicles, and government programs such as CPP and OAS.

▣ **Transition to In-House Pension Administration**

UAPP will conclude its third-party administration arrangement with TELUS Health (formerly Gallagher). Full administration of the pension plan is being transitioned in-house to enable more timely and accurate service delivery. This shift supports streamlined processes, greater operational oversight, and improved member access to digital tools.

▣ **Launch of UAPP Call Centre**

UAPP established a dedicated in-house Call Centre to support member inquiries.

- **Toll-free (North America):** 1.888.339.1546
 - **International callers:** 780.612.4259 (charges may apply)
- Call Centre support is available Monday to Friday from 8:30 a.m. to 4:30 p.m. MT.

■ **Project Implementation and Ongoing Improvements**

The Pension Administration Transformation Project continues to advance through the coordinated efforts of internal teams, employers, vendors, and external partners. Support from the Board of Trustees, employers, and UAPP staff has been essential in moving this work forward. Guided by our focus on “Change That Moves Us Forward”, UAPP will continue to refine system features, expand digital capabilities, and enhance administrative processes over the next year. These improvements are designed to strengthen service quality for members and employers. Collectively, these efforts ensure that UAPP is building a modern, sustainable, and high quality pension administration model that will support our continued progress in the years ahead.



RISK MANAGEMENT REPORT

Strengthening Risk Governance

A milestone year for Enterprise Risk Management

In 2025, UAPP completed the implementation of a comprehensive Enterprise Risk Management Framework aligned with CAPSA Guideline No. 10. This milestone formalized our risk governance structure, clarified our risk appetite, and embedded structured risk oversight into decision making across the organization.

Approved by the Board of Trustees on December 1, 2025, the Risk Management Policy establishes a clear and consistent framework for identifying, evaluating, managing, monitoring, and reporting risks that could impact the long-term sustainability of the Plan.

What We Achieved in 2025



Through a structured and disciplined approach, UAPP moved from framework design to full implementation, strengthening governance and reinforcing a consistent approach to risk oversight.

Embedding Risk Management into How We Operate

From Framework Development to Everyday Practice

UAPP’s enterprise risk management framework now supports how the organization governs, plans, and operates. Risk considerations are now systematically incorporated into strategic discussions, operational oversight, and Board reporting, strengthening informed decision-making and organizational resilience.

This approach reflects UAPP’s commitment to proactive risk oversight and continuous improvement in support of the long-term sustainability of the Plan.



Looking Ahead

Risk management is a continuous process. While 2025 marked a significant milestone, our focus now shifts to ongoing monitoring, refinement, and strengthening of our practices as our operating environment evolves.

By building a strong risk foundation, UAPP is better positioned to navigate change, protect member benefits, and support the long-term sustainability of the Plan.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management's Responsibility for Financial Reporting

The financial statements and information in the 2025 Annual Report are the responsibility of management and have been approved by the Board of Trustees.

The financial statements have been prepared in conformity with Canadian accounting standards for pension plans and, of necessity, include some amounts that are based on estimates and judgments. Financial information presented in the 2025 Annual Report that relates to the operations and financial position of the Universities Academic Pension Plan is consistent with that in the financial statements.


Alberta Investment Management Corporation, Beutel, Goodman & Company Ltd., Connor, Clark & Lunn Investment Management, Fiera Capital Corporation, Leith Wheeler Investment Counsel Ltd., North of South Capital, and PineStone Asset Management Inc., acting as investment managers, and TELUS Health (formerly known as Gallagher) and CIBC Mellon, acting as pension administrators, maintain systems of internal control, including written policies, standards, and procedures and formal authorization structures. These systems are designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Audit, Finance, and Risk Committee assists the Board of Trustees in discharging its responsibility to approve the annual financial statements. The Committee meets regularly with both management and external auditors to review the scope and timing of the audit as well as to review any internal control or financial issues and their resolution. The Committee reviews the annual financial statements and recommends them to the Board of Trustees for approval.

KPMG LLP (KPMG), the Plan's external auditor, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures that allow them to report on the fairness of the financial statements in accordance with Canadian accounting standards for pension plans. KPMG has full and unrestricted access to discuss the audit and related findings regarding the integrity of financial reporting and the adequacy of internal controls.



Chris Schafer
Chief Executive Officer



Paola Matallana
Chief Financial and Risk Officer



FINANCIAL STATEMENTS

UNIVERSITIES ACADEMIC PENSION PLAN
Financial Statements
And Independent Auditor's Report thereon
Year Ended December 31, 2025

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INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees of Universities Academic Pension Plan

Opinion

We have audited the financial statements of Universities Academic Pension Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligation for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2025, and its changes in net assets available for benefits and its changes in pension obligation for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor’s report thereon, included in the Plan’s Annual Report.



Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Edmonton, Canada

April 16, 2026

Statement of Financial Position

As at December 31, 2025

		<i>(\$ thousands)</i>	
		2025	2024
Net assets available for benefits			
Assets			
Cash (Note 3)	\$	35,009	\$ 33,656
Investments (Note 4)		7,852,055	7,311,344
Contributions receivable			
Employers		13,041	11,101
Employees		12,885	11,074
Province of Alberta		893	1,255
Accounts receivable		667	991
Other assets		33	-
Total assets		<u>7,914,583</u>	<u>7,369,421</u>
Liabilities			
Accounts payable and accrued liabilities		4,346	5,178
Total liabilities		<u>4,346</u>	<u>5,178</u>
Net assets available for benefits			
	\$	<u>7,910,237</u>	\$ <u>7,364,243</u>
Pension obligation and surplus (deficit)			
Pension obligation (Note 6)	\$	7,391,200	\$ 7,393,100
Surplus (deficit) (Note 7)		519,037	(28,857)
Pension obligation and surplus (deficit)			
	\$	<u>7,910,237</u>	\$ <u>7,364,243</u>

The accompanying notes are part of these financial statements.

Statement of Changes In Net Assets Available For Benefits

For the year ended December 31, 2025

	<i>(\$ thousands)</i>	
	2025	2024
Increase		
Contributions (Note 8)	\$ 301,171	\$ 285,202
Investment income (Note 9)	225,232	261,853
Change in fair value (Note 9)		
Net realized gain on sale of investments	161,531	752,691
Change in net unrealized gains	280,236	-
	968,170	1,299,746
Decrease		
Benefit payments (Note 11)	377,733	351,764
Change in fair value (Note 9)		
Change in net unrealized losses	-	123,985
Investment expenses (Note 12)	39,567	32,952
Administrative expenses (Note 13)	4,876	2,958
	422,176	511,659
Increase in net assets available for benefits	545,994	788,087
Net assets available for benefits at beginning of year	7,364,243	6,576,156
Net assets available for benefits at end of year	\$ 7,910,237	\$ 7,364,243

The accompanying notes are part of these financial statements.

Statement of Changes In Pension Obligation

For the year ended December 31, 2025

(\$ thousands)

	2025			2024		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Increase in pension obligation						
Interest accrued on pension obligation	\$ 72,400	\$ 356,400	\$ 428,800	\$ 75,400	\$ 336,500	\$ 411,900
Benefits earned	-	237,700	237,700	-	222,900	222,900
Actuarial assumption changes (Note 6a)	3,100	16,600	19,700	-	-	-
Net experience losses	-	22,000	22,000	-	-	-
Expected experience losses	-	8,200	8,200	5,000	12,000	17,000
	75,500	640,900	716,400	80,400	571,400	651,800
Decrease in pension obligation						
Benefits paid, including interest	131,100	257,300	388,400	133,900	227,700	361,600
Actuarial assumption changes (Note 6a)	22,900	285,500	308,400	-	-	-
Net experience gains	10,300	-	10,300	-	-	-
Expected experience gains	1,800	9,400	11,200	-	3,600	3,600
	166,100	552,200	718,300	133,900	231,300	365,200
Net (decrease) increase in pension obligation	(90,600)	88,700	(1,900)	(53,500)	340,100	286,600
Pension obligation at beginning of year	1,288,800	6,104,300	7,393,100	1,342,300	5,764,200	7,106,500
Pension obligation at end of year	<u>\$ 1,198,200</u>	<u>\$ 6,193,000</u>	<u>\$ 7,391,200</u>	<u>\$ 1,288,800</u>	<u>\$ 6,104,300</u>	<u>\$ 7,393,100</u>

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2025
(all \$ figures in thousands except Note 14)

NOTE 1 SUMMARY DESCRIPTION OF THE PLAN

Effective January 1, 2001, the Universities Academic Pension Plan (the “Plan”) became a non-statutory pension plan subject to and registered under the *Employment Pension Plans Act* of Alberta. The Plan is also registered under the *Income Tax Act*. The Plan’s registration number is 0339572. The Plan operates under a Sponsorship and Trust Agreement signed by the Plan Sponsors. A complete description of the Plan can be found in the Sponsorship and Trust Agreement. The Board of Trustees appointed by Plan Sponsors is responsible for administration of the Plan. The summary description of the Plan described below applies to members who contribute to the Plan on or after January 1, 2001.

a) GENERAL

The Plan is a contributory defined benefit pension plan for academic staff members and other eligible employees of the Universities of Alberta, Calgary, and Lethbridge, Athabasca University, and Banff Centre.

In addition, employees of the Board of Trustees and the professional staff of the University of Calgary Faculty Association, the Association of Academic Staff University of Alberta, and the Athabasca University Faculty Association participate in the Plan.

b) FUNDING POLICY

Contributions and investment earnings are expected to fund all benefits payable under the Plan. Employees and employers are responsible for fully funding service after 1991.

The unfunded liability for service prior to January 1, 1992 is financed by additional contributions from the Province of Alberta, employers and employees. These contribution rates are set on the basis that the additional contributions will eliminate the pre-1992 service unfunded liability on or before December 31, 2043. The Province pays 1.250% of salary, and the balance of the required contributions is equally split between employees and employers.

Under the Province of Alberta *Employment Pension Plans Regulation 154/2014*, the Plan is exempt from funding solvency deficiencies in respect of all service.

The Board of Trustees, in consultation with the Plan’s actuary, reviews the contribution rates at least once every three years.

The contribution rates in effect from July 1, 2024 for employees of the Universities of Alberta, Calgary, and Lethbridge, employees of the Board of Trustees, and the professional staff of the University of Calgary Faculty Association and the Association of Academic Staff University of Alberta are 11.490% (11.380% prior to July 1, 2024) of pensionable salary up to the Year’s Maximum Pensionable Earnings (YMPE), 15.550% (15.490% prior to July 1, 2024) on pensionable salary above the YMPE and up to the pensionable salary cap, and 2.015% (1.785% prior to July 1, 2024) on earnings above the pensionable salary cap. Employers contribute at the same rate as employees.

The contribution rate in effect from July 1, 2024 for employees of Athabasca University, Banff Centre, and the professional staff of the Athabasca University Faculty Association are 10.990% (10.880% prior to July 1, 2024) of pensionable salary up to the YMPE and 15.050% (14.990% prior to July 1, 2024) on pensionable salary above the YMPE and up to the pensionable salary cap. Employers contribute at a rate 1.000% higher than employees. In addition, employees and employers provide equal matching contributions of 2.015% (1.785% prior to July 1, 2024) on earnings above the pensionable salary cap.

Note 1 (continued)**c) RETIREMENT BENEFITS**

The Plan provides for a pension based upon the average pensionable salary of the highest five consecutive years. For service before 1994, the pension is 2% for each year of pensionable service. From January 1, 1994, the Plan's benefits and contributions were integrated with the Canada Pension Plan. As a result, pensions for service after 1993 are reduced at age 65. The reduction is 0.6% of the average YMPE for the same five years as used in calculating the average pensionable salary of the highest five consecutive years. The maximum service allowable under the Plan is 35 years.

Members are entitled to an unreduced pension for service before 1994 if they have attained age 55.

Members are entitled to an unreduced pension for service after 1993 if they have either attained age 60 or have attained age 55 and the sum of their age and years of membership equals at least 80. Members are entitled to a reduced pension for service after 1993 if they have attained age 55.

Members who become disabled and are not in receipt of benefits from an approved disability plan are eligible to apply for a disability pension.

d) DEATH BENEFITS

Death benefits are payable on the death of a member. A surviving spouse may choose to receive a pension based on total service or a lump sum payment. For a beneficiary other than a spouse, a lump sum payment must be paid.

e) TERMINATION BENEFITS

Members who terminate and are not immediately entitled to a pension may elect to receive a deferred pension or a lump sum refund.

Refunds on service performed before 1994 equal employee and employer contributions plus interest, or the commuted value of the member's earned pension, whichever is greater.

Refunds on service performed after 1993 equal 1.75 times employee contributions plus interest, or the commuted value of the member's earned pension, whichever is greater.

Refunds are subject to the Plan's lock-in provisions and excess contribution rules.

f) DISABILITY BENEFITS

Members who become disabled and are in receipt of benefits from an approved disability plan continue to earn pensionable service credits under the Plan.

g) OPTIONAL SERVICE

Leaves of absence which are purchased before April 30th following a return to work are costed based on the contributions which would have been paid during the leave period plus interest. All other optional service purchases are costed on an actuarial reserve basis and are cost neutral to the Plan. Funds related to the transfer of service to other plans are based on the regular termination benefits.

Note 1 (continued)**h) COST-OF-LIVING ADJUSTMENTS**

Pensions payable are increased each year on January 1st by an amount equal to 60% of the increase in the Alberta Consumer Price Index. The increase is based on the increase during the twelve-month period ending on October 31st in the previous year.

NOTE 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES AND REPORTING PRACTICES**a) BASIS OF PRESENTATION**

These financial statements are prepared on the going concern basis in accordance with Canadian accounting standards for pension plans. The Plan has elected to apply IFRS Accounting Standards as issued by the International Accounting Standards Board for accounting policies that do not relate to its investment portfolio or pension obligation. The statements provide information about the net assets available in the Plan to meet future benefit payments and are prepared to assist Plan members and others in reviewing the activities of the Plan for the year.

b) VALUATION OF INVESTMENTS

Investments are recorded at fair value. As disclosed in Note 4, the Plan's investments consist primarily of direct ownership in units of pooled investment funds ("the pools").

Contracts to buy and sell financial instruments in the pools are between the investment managers and the third parties to the contracts. Participants in the pools are not party to the contracts and have no control over the management of the pool and the selection of securities in the pool. The investment managers control the creation of the pools and the management and administration of the pools including security selection. Accordingly, the Plan does not report the financial instruments of the pools on its statement of financial position.

The Plan becomes exposed to the financial risks and rewards associated with the underlying financial instruments in a pool when it purchases units issued by the pools and loses its exposure to those financial risks and rewards when it sells its units. The Plan reports its financial risks in Note 5.

The fair value of units held by the Plan is derived from the fair value of the underlying financial instruments held by the pools using the fair value hierarchy (see Note 4a) as determined by the investment managers (see Note 4b). Investments in units are recorded in the Plan's accounts. The pools have a market-based unit value that is used to distribute income to the pool participants and to value purchases and sales of the pool units. The pools include various financial instruments such as bonds, equities, real estate, infrastructure, timberland, mortgages, cash, short-term securities, and strategic and currency investments.

Investments in units are recorded in the Plan's accounts on a trade date basis. All purchases and sales of the pool units are in Canadian dollars. Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Note 2 (continued)**c) INVESTMENT INCOME AND CHANGE IN FAIR VALUE**

- (a) Investment income and change in fair value are recorded on an accrual basis.
- (b) Investment income and change in fair value are reported in the statement of changes in net assets available for benefits and in Note 9 and include interest income, dividend income, and the following items recorded in the Plan's accounts:
 - i. Income distributions from the pools, based on the Plan's pro-rata share of total units issued by the pools; and
 - ii. Changes in fair value including realized gains and losses on disposal of investments and unrealized gains and losses on investments determined on an average cost basis.

d) INVESTMENT EXPENSES

Investment expenses include all amounts incurred by the Plan to earn investment income (see Note 12). Investment expenses are recorded on an accrual basis. Transaction costs are expensed as they are incurred.

e) CONTRIBUTIONS, BENEFIT PAYMENTS AND ADMINISTRATIVE EXPENSES

Contributions, benefit payments, administrative expenses and related accounts receivable and payable are recorded on an accrual basis.

f) VALUATION OF PENSION OBLIGATION

The value of the pension obligation and changes therein during the year are based on an actuarial valuation prepared by an independent firm of actuaries. A valuation must be performed at least every three years, and results from the most recent valuation are extrapolated, on an annual basis, to year end. The valuation uses the projected benefit method pro-rated on service and management's best estimate, as at the valuation and extrapolation dates, of various economic and non-economic assumptions.

g) USE OF ESTIMATES AND JUDGMENTS

In preparing these financial statements, estimates, judgments, and assumptions are used in circumstances where the actual values are unknown. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty exists in the valuation of the Plan's pension obligation and Level 3 investments. Uncertainty arises because:

- i) the Plan's actual experience may differ, perhaps significantly, from assumptions used in the valuation and extrapolation of the Plan's pension obligation; and
- ii) the estimated fair values of the Plan's Level 3 investments may differ significantly from the values that would have been used had a ready market existed for these investments (see Note 4).

While best estimates have been used in the valuation of the Plan's pension obligation and Level 3 investments, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts.

Differences between actual results and expectations in the Plan's pension obligation are disclosed as assumption or other changes and net experience gains or losses in the statements of changes in pension obligation in the year when actual results are known.

Note 2 (continued)

Differences between the estimated fair values and the amount ultimately realized for investments are included in change in fair value on the statement of changes in net assets available for benefits in the year when the ultimate realizable values are known.

h) INCOME TAXES

The Plan is a registered pension plan, as defined by the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes.

i) ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

The following amended accounting standards are not expected to have a significant impact on the Plan's financial statements:

Section 4600, *Accounting Standards for Pension Plans* was amended to improve the presentation and disclosure of investments for pension plans. The amendments are intended to enhance the consistency, presentation, and usefulness of investment information provided to users of pension plan financial statements. These amendments are effective for fiscal years beginning on or after January 1, 2027.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9) are effective for fiscal years beginning on or after January 1, 2026.

Management is in the process of evaluating the impact of adopting the revised standards on the Plan's financial statements. The amendments have not been applied in preparing these financial statements.

NOTE 3 CASH

Cash primarily consists of deposits in the pension plan's administration bank account which is a standalone interest-bearing account. This bank account is managed by the Plan.

NOTE 4 INVESTMENTS

The Plan's investments are managed at the asset class level for purposes of evaluating the Plan's risk exposure and investment performance against approved benchmarks based on fair value. The Plan's assets are managed in accordance with the Statement of Investment Policies and Goals (SIP&G) approved by the Plan's Board of Trustees. The fair value of the pool units is based on the Plan's share of the net asset value of the pooled fund. The pools have a market-based unit value that is used to allocate income to participants of the pool and to value purchases and sales of the pool units. The investment managers are delegated authorities to independently purchase and sell securities in the pools and Plan, and units of the pools, within the ranges approved for each asset class (see Note 5).

Asset class	(\$ thousands)					
	Fair value hierarchy ^(a)			2024		
	Level 2	Level 3	2025 Fair value	Level 2	Level 3	Fair value
Fixed income						
Cash and short-term securities	\$ 37,279	\$ -	\$ 37,279	\$ 51,785	\$ -	\$ 51,785
Bonds and mortgages	1,650,421	377,401	2,027,822	1,549,570	307,179	1,856,749
Real return bonds	382,342	-	382,342	378,283	-	378,283
	2,070,042	377,401	2,447,443	1,979,638	307,179	2,286,817
Equities						
Canadian	339,310	-	339,310	283,706	-	283,706
Global	2,683,172	-	2,683,172	2,431,091	-	2,431,091
Emerging markets	602,082	-	602,082	452,456	-	452,456
Private equity	-	705,707	705,707	-	768,202	768,202
	3,624,564	705,707	4,330,271	3,167,253	768,202	3,935,455
Alternatives						
Real estate	-	541,947	541,947	-	528,659	528,659
Infrastructure	-	480,975	480,975	-	502,825	502,825
Timberland	-	42,819	42,819	-	44,882	44,882
	-	1,065,741	1,065,741	-	1,076,366	1,076,366
Strategic and currency investments*	-	8,600	8,600	-	12,706	12,706
Total investments	\$ 5,694,606	\$ 2,157,449	\$ 7,852,055	\$ 5,146,891	\$ 2,164,453	\$ 7,311,344

* This asset class is not listed separately in the SIP&G as it relates to legacy strategic investments and currency overlays to hedge foreign currency exposure.

Note 4 (continued)**a) Fair Value Hierarchy**

The quality and reliability of information used to estimate the fair value of investments is classified according to the following fair value hierarchy with Level 1 being the highest quality and reliability.

- **Level 1:** fair value is based on quoted prices in an active market. Although the pools may ultimately hold publicly traded listed equity investments, the pool units themselves are not listed in an active market and therefore cannot be classified as Level 1 for fair value hierarchy purposes. Pool units classified by the Plan as Level 2 may contain investments that might otherwise be classified as Level 1.
- **Level 2:** fair value is estimated using valuation techniques that make use of market-observable inputs other than quoted market prices. This level includes pool units that hold public equities, debt securities and derivative contracts.
- **Level 3:** fair value is estimated using inputs based on non-observable market data. This level includes pool units that hold private mortgages, private equities and all alternative investments.

Reconciliation of Level 3 Fair Value Measurements:

Asset class	(\$ thousands)													
	2025							2024						
	Beginning of year	Investment Income	Net Realized Gain (loss)	Change in Net Unrealized Gain (loss)	Purchases	Sales	End of year	Beginning of year	Investment Income	Net Realized Gain (loss)	Change in Net Unrealized Gain (loss)	Purchases	Sales	End of year
Fixed Income														
Bonds and Mortgages	\$ 307,179	\$ 9,889	\$ 262	\$ 9,263	\$ 88,139	\$ (37,331)	\$ 377,401	\$ 288,032	\$ 11,612	\$ (1,362)	\$ 8,126	\$ 44,855	\$ (44,084)	\$ 307,179
	307,179	9,889	262	9,263	88,139	(37,331)	377,401	288,032	11,612	(1,362)	8,126	44,855	(44,084)	307,179
Equities														
Private Equity	768,202	45,980	30,390	(49,003)	3,424	(93,286)	705,707	702,039	32,832	13,571	44,730	16,129	(41,099)	768,202
	768,202	45,980	30,390	(49,003)	3,424	(93,286)	705,707	702,039	32,832	13,571	44,730	16,129	(41,099)	768,202
Alternatives														
Real estate	528,659	11,355	-	(20,527)	22,460	-	541,947	510,683	15,048	-	(14,281)	17,209	-	528,659
Infrastructure	502,825	5,935	4,901	(2,353)	9,079	(39,412)	480,975	449,971	65,641	3,151	(2,446)	135,023	(148,515)	502,825
Timberland	44,882	(65)	124	(2,178)	441	(385)	42,819	45,029	634	776	18	748	(2,323)	44,882
	1,076,366	17,225	5,025	(25,058)	31,980	(39,797)	1,065,741	1,005,683	81,323	3,927	(16,709)	152,980	(150,838)	1,076,366
Strategic and currency investments*	12,706	(914)	(1,375)	2,265	-	(4,082)	8,600	15,289	2,469	(706)	(1,334)	-	(3,012)	12,706
Total investments	\$ 2,164,453	\$ 72,180	\$ 34,302	\$ (62,533)	\$ 123,543	\$ (174,496)	\$ 2,157,449	\$ 2,011,043	\$ 128,236	\$ 15,430	\$ 34,813	\$ 213,964	\$ (239,033)	\$ 2,164,453

b) Valuation of Financial Instruments in the Pools

The methods used to determine the fair value of investments recorded in the pools are explained in the following paragraphs:

- **Fixed income:** Public interest-bearing securities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. Private mortgages are valued based on the net present value of future cash flows. Cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market. Real return bonds are valued similar to public interest-bearing securities.
- **Equities:** Public equities are valued each business day at fair value, defined as the price the fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of private equities is estimated by managers or general partners of private equity funds, pools and limited partnerships. Valuation methods may encompass a broad range of approaches. The cost approach is used to value companies without either profits or cash flows. Established private companies are valued using the fair market value approach reflecting conventional valuation methods including discounted cash flows and earnings multiple analysis.

Note 4 (continued)

- **Alternatives:** The estimated fair value of private real estate investments is reported at the most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers. Appraisers use a combination of methods to determine fair value including replacement cost, direct comparison, direct capitalization of earnings and the discounted cash flows. Infrastructure investments are valued similar to private equity investments. The fair value of timberland investments is appraised annually by independent third-party evaluators.
- **Strategic and currency investments:** The estimated fair value of infrastructure investments held in emerging market countries are valued similar to private equities. Currency investments consist of directly held currency forward and spot contracts.
- **Foreign currency:** Foreign currency transactions in pools are translated into Canadian dollars using average rates of exchange. At year end, the fair value of investments in other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rates.
- **Derivative contracts:** The carrying values of derivative contracts in favourable and unfavourable positions are recorded at fair value and are included in the fair value of pooled investment funds (see Note 5f). The estimated fair values of equity and bond index swaps are based on changes in the appropriate market-based index net of accrued floating rate interest. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Forward foreign exchange contracts are valued based on discounted cash flows using current market yields and current forward exchange rates. Futures contracts are valued based on quoted market prices. Options to enter into interest rate swap contracts are valued based on discounted cash flows using current market yields and volatility parameters which measure changes in the underlying swap. Warrants and rights are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

c) Liability Exposure

The Plan is indirectly exposed to liabilities held within the pools, the carrying value of which is a component in the determination of net fair value of investments within the pools. These liabilities are used primarily for general liquidity, risk management and active management purposes and include but are not limited to mortgages, lines of credit, derivative counterparty liabilities and repurchase agreements.

Repurchase agreements are short-term agreements to sell securities held in the fund in order to buy them back at a slightly higher price at a later time. The proceeds from the sale may be used to purchase other fixed income securities. The party selling the repurchase agreement is effectively borrowing, and the other party is lending. The lender is credited the implicit interest in the yield and price difference between the securities sold to be repurchased and the securities acquired from the sale proceeds. The securities sold under repurchase agreements are accounted for as collateralized form of borrowing. The Plan's exposure to repurchase agreement liabilities at December 31, 2025, was approximately \$125,262 (2024: \$86,735). All repurchase agreements are fully collateralized by the borrowers.

The Plan adopted a new SIP&G effective as of January 1, 2025. The SIP&G was subsequently updated, effective January 1, 2026.

NOTE 5 INVESTMENT RISK MANAGEMENT

The Plan is exposed to financial risks associated with the underlying securities held in the pooled investment funds. These financial risks include credit risk, market risk and liquidity risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is comprised of foreign currency risk, interest rate risk and price risk. Liquidity risk is the risk the Plan will not be able to meet its obligations as they fall due.

The investment policies and procedures of the Plan are clearly outlined in the SIP&G approved by the Board of Trustees. The purpose of the SIP&G is to ensure the Plan assets are invested and managed in a prudent manner in accordance with current, accepted governance practices incorporating an appropriate level of risk. The Board of Trustees manages the Plan's return-risk trade-off through asset class diversification, target ranges on each asset class, diversification within each asset class, quality constraints on fixed income instruments and restrictions on amounts exposed to countries designated as emerging markets. Forward foreign exchange contracts may be used to manage currency exposure in connection with securities purchased in a foreign currency (see Note 5b).

The Plan's pension obligation is impacted by the long-term real rate of return expected to be earned on investments. In order to earn the best possible return at an acceptable level of risk, the Board of Trustees has established the following asset mix policy ranges:

Asset class	Target asset policy mix	Long-term policy	Actual asset mix			
			2025		2024	
			(\$ thousands)	%	(\$ thousands)	%
Fixed income	31.0 - 39.0%	35.0%	\$ 2,447,443	31.2	\$ 2,286,817	31.3
Equities	45.0 - 55.0%	50.0%	4,330,271	55.1	3,935,455	53.8
Alternatives	11.0 - 19.0%	15.0%	1,065,741	13.6	1,076,366	14.7
Strategic and currency investments	(a)		8,600	0.1	12,706	0.2
		100.0%	\$ 7,852,055	100.0	\$ 7,311,344	100.0

(a) An investment manager may, at its discretion, use currency overlays only to hedge foreign currency exposure.

a) Credit Risk**i) Debt Securities**

The Plan is indirectly exposed to credit risk associated with the underlying debt securities held in the pools. Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations. The credit quality of financial assets is generally assessed by reference to external credit ratings. The credit rating of a debt security may be impacted by the overall credit rating of the counterparty, the seniority of the debt issue, bond covenants, maturity distribution and other factors. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies usually leading to a fall in the fair value of the counterparty's obligations. Credit risk exposure for financial instruments is measured by the positive fair value of the contractual obligations with counterparties. The fair value of all investments reported in Note 4 is directly or indirectly impacted by credit risk to some degree. The majority of investments in debt securities have credit ratings considered to be investment grade. Unrated debt securities consist primarily of mortgages and private debt placements.

Note 5 (continued)

The table below summarizes the Plan's investments in debt securities by credit rating at December 31, 2025:

Credit rating	2025	2024
Investment grade (AAA to BBB-)	76.0%	78.0%
Unrated	24.0%	22.0%
	100.0%	100.0%

ii) Counterparty Default Risk - Derivative Contracts

The Plan is exposed to counterparty credit risk associated with the derivative contracts held in the pools. The maximum credit risk in respect of derivative financial instruments is the fair value of all contracts with counterparties in a favourable position (see Note 5f). The investment manager is responsible for selecting and monitoring derivative counterparties on behalf of the Plan. The investment manager monitors counterparty risk exposures and actively seeks to mitigate counterparty risk by requiring that counterparties collateralize mark-to-market gains for the Plan. Provisions are in place to allow for termination of the contract should there be a material downgrade in a counterparty's credit rating. The exposure to credit risk on derivatives is reduced by entering into master netting agreements and collateral agreements with counterparties. To the extent that any unfavourable contracts with the counterparty are not settled, they reduce the Plan's net exposure in respect of favourable contracts with the same counterparty.

iii) Security Lending Risk

To generate additional income, the Plan participates in a securities-lending program. Under this program, the Plan may lend investments held in the pools to eligible third parties for short periods. At December 31, 2025, the Plan's share of securities loaned under this program was \$165,915 (2024: \$194,347) and collateral held totaled \$179,251 (2024: \$209,455). Securities borrowers are required to provide the collateral to assure the performance of redelivery obligations. Collateral may take the form of cash, other investments or a bank-issued letter of credit. All collateralization, by the borrower, must be in excess of 100% of investments loaned.

b) Foreign Currency Risk

The Plan is exposed to foreign currency risk associated with the underlying securities held in the pools that are denominated in currencies other than the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. As a result, fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments.

If the value of the Canadian dollar increased by 10.0% against all other currencies, and all other variables were held constant, the potential loss in fair value to the Plan would be approximately 4.5% of total investments (2024: 4.4%).

Note 5 (continued)

The following table summarizes the Plan's exposure to investments denominated in foreign currencies held in pooled investment funds:

(\$ thousands)

Currency	2025		2024	
		Fair value		Fair value
US dollar	\$	2,346,022	\$	2,171,378
Euro		387,641		387,225
British pound		192,254		177,770
South Korean won		135,029		67,543
New Taiwan dollar		127,625		120,555
Swiss franc		123,665		129,127
Hong Kong dollar		113,236		103,546
Japanese yen		102,603		66,719
Chinese yuan		73,981		49,386
Danish krone		-		36,911
United Arab Emirates dirham		-		36,490
Other foreign currencies (<1%)		306,208		184,991
Total foreign currencies	\$	3,908,264	\$	3,531,641

c) Interest Rate Risk

The Plan is exposed to interest rate risk associated with the underlying interest-bearing securities held in pooled investment funds. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates.

In general, investment returns from bonds and mortgages are sensitive to changes in the level of interest rates, with longer-term interest-bearing securities being more sensitive to interest rate changes than shorter-term bonds. If interest rates increased by 1.0% and all other variables were held constant, the potential loss in fair value to the Plan would be approximately 2.7% (2024: 2.8%) of the Plan's total investments.

d) Price Risk

Price risk relates to the possibility that the value of an instrument will change due to future fluctuations in market prices caused by factors specific to an individual investment or other factors affecting all instruments traded in the market. The Plan is exposed to price risk associated with the underlying investments held in the pools. If market indices (S&P/TSX, S&P500, S&P1500 and MSCI ACWI and their sectors) declined by 10.0%, and all other variables were held constant, the potential loss in fair value to the Plan would be approximately 5.8% (2024: 5.9%) of total investments. Changes in fair value of investments are recognized in the statement of changes in net assets available for benefits.

Note 5 (continued)**e) Liquidity Risk**

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with its financial liabilities under both normal and stressed conditions. Liquidity requirements of the Plan are met through income generated from investments, employee and employer contributions, and by investing in pools that hold publicly traded liquid assets traded in active markets that are easily sold and converted to cash. Units in pools that hold private investments like real estate, timberland, infrastructure and private equities are less easily converted to cash since the underlying securities are illiquid because they take more time to sell. These sources of cash are used to pay pension benefits and operating expenses, purchase new investments, settle derivative transactions with counterparties and settle margin calls on futures contracts. The Plan's future liabilities include the pension obligation and exposure to net payables to counterparties (Note 5f).

f) Use of Derivative Financial Instruments in Pooled Investment Funds

The Plan has indirect exposure to derivative financial instruments through its investment in units of the pools. Derivative financial instruments are used to gain access to equity markets in the pools, manage asset exposure within the pools, enhance pool returns and manage interest rate risk, foreign currency risk and credit risk in the pools.

By counterparty	Number of counterparties		Plan's indirect share (\$ thousands)	
	2025	2024	2025	2024
Contracts in net favourable position (current credit exposure)	10	4	\$ 59,540	\$ 10,523
Contracts in net unfavourable position	10	15	(60,765)	(64,801)
Net fair value of derivative contracts	20	19	\$ (1,225)	\$ (54,278)

- i) Current credit exposure: The current credit exposure is limited to the amount of loss that would occur if all counterparties to contracts in a net favourable position totaling \$59,540 (2024: \$10,523) were to default at once.
- ii) Cash settlements: Receivables or payables with counterparties are usually settled in cash every three months.
- iii) Contract notional amounts: The fair value of receivables (receive leg) and payables (pay leg) and the exchange of cash flows with counterparties in pooled funds are based on a rate or price applied to a notional amount specified in the derivative contract. The notional amount itself is not invested, received or exchanged with the counterparty and is not indicative of the credit risk associated with the contract. Notional amounts are not assets or liabilities and do not change the asset mix reported in Note 4. Accordingly, they are not recognized in the statement of financial position.

Note 5 (continued)

Types of derivatives used in pools	Plan's indirect share	
	(\$ thousands)	
	2025	2024
Equity-based derivatives	\$ 101	\$ 253
Foreign currency derivatives	320	(50,969)
Interest rate derivatives	(1,646)	(3,562)
Net fair value of derivative contracts	\$ (1,225)	\$ (54,278)

- i) Equity derivatives are structured to receive income from counterparties based on the performance of a specified market-based equity index, security or basket of equity securities applied to a notional amount in exchange for floating rate interest paid to the counterparty. Floating rate notes are held in equity pools to provide floating rate interest to support the pay leg of the equity derivatives. Rights, warrants, futures and options are also included as structured equity replication derivatives.
- ii) Foreign currency derivatives include contractual agreements to exchange specified currencies at an agreed-upon exchange rate and on an agreed settlement date in the future.
- iii) Interest rate derivatives exchange interest rate cash flows (fixed to floating or floating to fixed) based on a notional amount. Interest rate derivatives primarily include interest rate swaps and cross currency interest rate swaps, futures contracts and options.
- iv) At December 31, 2025, deposits in futures contracts margin accounts totaled \$113 (2024: \$235). Cash and non-cash collateral for derivative contracts pledged and received, respectively, totaled \$11,454 (2024: \$47,530) and \$nil (2024: \$nil).

NOTE 6 PENSION OBLIGATION**a) ACTUARIAL VALUATION AND EXTRAPOLATION**

An actuarial valuation of the Plan was carried out as at December 31, 2024 by the Plan's actuarial consultants, Aon. The December 31, 2024 valuation results were extrapolated to December 31, 2025.

The pension obligation has been determined using the projected benefit method prorated on service. The assumptions used in the valuation extrapolation were developed as the best estimate of expected short-term and long-term market conditions and other future events. After consultation with the Plan's actuary, the Board of Trustees adopted this best estimate.

The major assumptions used are:

	2024 valuation and 2025 extrapolation	2022 valuation and 2024 extrapolation
	%	%
Asset real rate of return		
For one year after valuation	3.65	3.37
Thereafter	3.65	3.37
Inflation rate		
For one year after valuation	2.25	2.25
Thereafter	2.25	2.25
Discount rate	5.90	5.62
Salary escalation rate *		
For 2 years after valuation	3.00	1.30
For the following 2 years	3.00	2.75
Thereafter	2.75	2.75
Mortality table	85% males, 90% females 2014 Public Sector Canadian Pensioner table with generational projection (Scale MI-2017)	80% males, 95% females 2014 Public Sector Canadian Pensioner table with generational projection (Scale MI-2017)

** In addition to merit and promotion*

The next actuarial valuation of the Plan must be carried out no later than December 31, 2027. Any differences between the actuarial valuation results and extrapolation results as reported in these financial statements that affect the financial position of the Plan will be accounted for as gains or losses in the following year.

Note 6 (continued)**b) SENSITIVITY OF CHANGES IN MAJOR ASSUMPTIONS**

The Plan's future experience will inevitably differ, perhaps significantly, from these assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and may materially affect the financial position of the Plan.

	Changes in assumptions (%)	Increase in Plan's actuarial deficiency (\$ thousands)	Increase in current service cost as a % of pensionable earnings *
Inflation rate increase holding discount rate and salary escalation assumptions constant	1.0	444,800	1.10
Salary escalation rate increase holding inflation rate and discount rate assumptions constant	1.0	151,600	1.45
Discount rate decrease holding inflation rate and salary escalation assumptions constant	(1.0)	1,047,900	4.78

* The current service cost as a % of pensionable earnings as determined by the December 31, 2024 valuation is 21.37%.

NOTE 7 SURPLUS (DEFICIT)

	(\$ thousands)					
	2025			2024		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Surplus (deficit), beginning of year	\$ (885,500)	\$ 856,643	\$ (28,857)	\$ (915,100)	\$ 384,756	\$ (530,344)
Increase (decrease) in net assets available for benefits	(34,800)	580,794	545,994	(23,900)	811,987	788,087
Net (increase) decrease in accrued pension liability	90,600	(88,700)	1,900	53,500	(340,100)	(286,600)
Surplus (Deficit), end of year	\$ (829,700)	\$ 1,348,737	\$ 519,037	\$ (885,500)	\$ 856,643	\$ (28,857)

In accordance with the requirements of the Province of Alberta *Public Sector Pension Plans Act*, separate accounting is required of the pension deficit with respect to service that was recognized as pensionable as at December 31, 1991.

The following table summarizes the net assets available for benefits, pension obligation, and the resulting surplus (deficit) as at December 31, 2025 allocated between the pre-1992 and post-1991 periods:

	(\$ thousands)					
	2025			2024		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Net assets available for benefits	\$ 368,500	\$ 7,541,737	\$ 7,910,237	\$ 403,300	\$ 6,960,943	\$ 7,364,243
Pension obligation	1,198,200	6,193,000	7,391,200	1,288,800	6,104,300	7,393,100
Surplus (deficit)	\$ (829,700)	\$ 1,348,737	\$ 519,037	\$ (885,500)	\$ 856,643	\$ (28,857)

The surplus (deficit) for accounting purposes may differ from that for funding purposes (see Note 15).

NOTE 8 CONTRIBUTIONS

	(\$ thousands)	
	2025	2024
Current service		
Employers	\$ 121,754	\$ 115,968
Employees	119,993	114,593
Contributions to meet post-1991 unfunded liability and optional service		
Employers	-	-
Employees	442	1,300
Contributions to meet pre-1992 unfunded liability		
Employers	22,509	20,069
Employees	22,509	20,069
Province of Alberta	13,964	13,203
	<u>\$ 301,171</u>	<u>\$ 285,202</u>

NOTE 9 INVESTMENT INCOME AND CHANGE IN FAIR VALUE

The following is a summary of the Plan's investment income (loss) and change in fair value by asset class:

	(\$ thousands)					
	Investment income	Change in fair value	2025 total	Investment income	Change in fair value	2024 total
Fixed income	\$ 94,938	\$ (44,381)	\$ 50,557	\$ 91,915	\$ (3,914)	\$ 88,001
Equities						
Canadian	8,950	46,654	55,604	7,578	33,007	40,585
Foreign	40,138	477,250	517,388	26,402	556,134	582,536
Private equity	59,105	(18,613)	40,492	46,213	58,301	104,514
	<u>108,193</u>	<u>505,291</u>	<u>613,484</u>	<u>80,193</u>	<u>647,442</u>	<u>727,635</u>
Alternatives						
Real estate	14,526	(20,527)	(6,001)	18,401	(14,281)	4,120
Infrastructure	8,407	2,548	10,955	68,089	705	68,794
Timberland	82	(2,054)	(1,972)	786	794	1,580
	<u>23,015</u>	<u>(20,033)</u>	<u>2,982</u>	<u>87,276</u>	<u>(12,782)</u>	<u>74,494</u>
Strategic and currency investments	(914)	890	(24)	2,469	(2,040)	429
	<u>\$ 225,232</u>	<u>\$ 441,767</u>	<u>\$ 666,999</u>	<u>\$ 261,853</u>	<u>\$ 628,706</u>	<u>\$ 890,559</u>

The change in fair value includes realized and unrealized gains and losses on pool units. Net realized gains on pool units totaled \$161,531 (2024: \$752,691). Net unrealized gains on pool units totaled \$280,236 (2024: Net unrealized losses of \$123,985).

Income earned in pooled investment funds is distributed to the Plan daily based on the Plan's pro-rata share of units issued by the pool. Income earned by the pools is determined on an accrual basis and includes interest, dividends, security lending income, realized gains and losses on sale of securities determined on an average cost basis, and income and expense on derivative contracts.

NOTE 10 INVESTMENT RETURNS, CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS, AND PENSION OBLIGATION

The following is a summary of investment returns (losses), the annual change in net assets, the annual change in the pension obligation and the percentage of the pension obligation supported by net assets.

	<i>(percentage)</i>				
	2025	2024	2023	2022	2021
Increase (decrease) in net assets attributed to:					
Investment income					
Policy benchmark return (PBR) on investments	10.0	13.9	11.1	(7.5)	11.1
Value (lost) added by investment managers	(1.2)	(0.5)	(0.6)	(1.1)	5.0
Time weighted rate of return, at fair value ^(a)	8.8	13.4	10.5	(8.6)	16.1
Other sources ^(b)	(1.4)	(1.4)	(1.2)	(1.0)	(0.9)
Percent change in net assets ^(c)	7.4	12.0	9.3	(9.6)	15.2
Percent change in pension obligation ^(c)	-	4.0	0.7	4.8	5.2
Percent of pension obligation supported by net assets	107.0	99.6	92.5	85.2	98.8

- a) The annualized total return and policy benchmark return (PBR) on investments over five years is 7.7% (PBR: 7.4%), ten years is 7.5% (PBR: 7.8%) and twenty years is 7.0% (PBR: 7.0%). The Plan's actuary estimates the long-term net investment return on assets for funding purposes to be 5.90% (2024: 5.62%).
- b) Other sources include employee and employer contributions and transfers from other plans, net of benefit payments, transfers to other plans and administration expenses.
- c) The percent change in net assets and pension obligation are based on the amounts reported on the statement of changes in net assets available for benefits and the statement of changes in pension obligation, respectively.

NOTE 11 BENEFIT PAYMENTS

	<i>(\$ thousands)</i>	
	2025	2024
Retirement benefits	\$ 338,983	\$ 325,367
Termination benefits	36,014	22,783
Death benefits	2,736	3,614
	\$ 377,733	\$ 351,764

NOTE 12 INVESTMENT EXPENSES

	<i>(\$ thousands)</i>	
	2025	2024
Amount charged:		
Management fees ^(a)	\$ 39,513	\$ 32,898
Alberta Treasury Board and Finance ^(b)	54	54
Total investment expenses	\$ 39,567	\$ 32,952
Increase in expenses	20.1%	28.2%
Increase in average investments under management	9.6%	10.6%
(Decrease) in value of investments attributed to active management ^(c)	(1.2%)	(0.5%)
Investment expenses as a percent of dollar invested	0.5%	0.5%

a) For investment management services, including non-recoverable GST of \$1,090 (2024: \$1,082).

b) For investment accounting and Plan reporting services.

c) Active management is applied across all asset classes throughout 2025. In the prior year, active management was applied across all asset classes by the end of 2024; and at the beginning of 2024 was limited to the fixed income, private equity, and alternative asset classes.

NOTE 13 ADMINISTRATIVE EXPENSES

	<i>(\$ thousands)</i>	
	2025	2024
General administration costs	\$ 4,622	\$ 2,710
Board costs	68	64
Actuarial fees	107	100
Audit fees	79	84
	\$ 4,876	\$ 2,958

General Plan costs, including the costs for benefit administration and delivery, amounted to \$262 per member (2024: \$163 per member).

NOTE 14 REMUNERATION OF BOARD OF TRUSTEES MEMBERS

The Plan defines its key management personnel as the Board of Trustees and other members of the senior executives responsible for planning, controlling, and directing the activities of the Plan.

	Chair	Trustee
Remuneration rates effective April 1, 2009		
Up to 4 hours	\$ 219	\$ 164
4 to 8 hours	383	290
Over 8 hours	601	427
	2025	2024
The following amounts were paid:		
Remuneration		
Chair	\$ 4,660	\$ 4,343
Trustees (8)	28,098	18,893
Travel expenses		
Chair	498	433
Trustees (8)	9,571	10,440

Trustees are paid for attending and preparing for Board of Trustees and Committee meetings and for time spent on specified Plan business upon the approval of the Board of Trustees. Preparation time for a meeting is remunerated at no more than 4 hours.

NOTE 15 CAPITAL

The Plan defines its capital as the funded position. The actuarial surplus or deficit is determined by an actuarial funding valuation performed, at a minimum, every three years. The objective is to ensure that the Plan is fully funded over the long term.

The Plan's surplus or deficit is determined on the fair value basis for accounting purposes. However, for funding valuation purposes, asset values are adjusted for fluctuations in fair values to moderate the effect of market volatility on the Plan's funded status. Under this method, asset values are calculated based on what the asset value would be at the valuation date had the assets earned precisely the rate of return assumed in the actuarial valuation. This calculation is carried out independently at each of two starting points, namely the market value as at each of the two calendar year-ends preceding the valuation date. These two calculated values, together with the market value as at the valuation date, are averaged to determine the actuarial value of assets with a constraint limiting the actuarial value not to exceed 110% or fall below 90% of net assets available for benefits.

Note 15 (continued)

The following table summarizes on the funding basis, the accrued pension liability, net assets available for benefits, and the resulting surplus (deficit) as at December 31, 2025 allocated between the pre-1992 and post-1991 periods:

(\$ thousands)

	2025			2024		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Net assets available for benefits	\$ 368,500	\$ 7,541,737	\$ 7,910,237	\$ 403,300	\$ 6,960,943	\$ 7,364,243
Actuarial adjustment for fluctuation in fair value of net assets	(19,000)	(279,300)	(298,300)	(28,800)	(397,500)	(426,300)
Actuarial value of net assets available for benefits	349,500	7,262,437	7,611,937	374,500	6,563,443	6,937,943
Pension obligation	1,198,200	6,193,000	7,391,200	1,288,800	6,104,300	7,393,100
Actuarial surplus (deficit)	\$ (848,700)	\$ 1,069,437	\$ 220,737	\$ (914,300)	\$ 459,143	\$ (455,157)

The Plan's unfunded liability for service prior to January 1, 1992 is being financed by additional contributions of 1.25% of salaries by the Province of Alberta with employers and employees equally sharing the balance of the contributions of 4.03% (3.57% prior to July 1, 2024) of salaries as required to eliminate the unfunded liability on or before December 31, 2043. The actuarial valuation shows the present value of the Province of Alberta's obligation for future additional contributions was \$202,500 at December 31, 2024.

The additional contributions and special payments have been included in the rates shown in Note 1b.

NOTE 16 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Trustees of the Plan on April 16, 2026.



2025 ANNUAL REPORT

UNIVERSITIES ACADEMIC PENSION PLAN

#1850

10303 Jasper Avenue NW

Edmonton, AB

